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(HANSARD)

Thursday, February 20, 1997

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, February 20, 1997

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*Translation*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Paul Zed (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 nine petitions.

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“GETTING GOVERNMENT RIGHT—GOVERNING FOR CANADIANS”

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, on behalf of the government, I have the honour to table, in both official languages, a document entitled “Getting Government Right—Governing for Canadians”.

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“PROGRAM EXPENDITURE DETAIL: A PROFILE OF DEPARTMENTAL SPENDING”

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I also have the honour to table, in both official languages, a second document entitled “Program Expenditure Detail: A Profile of Departmental Spending”.

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MAIN ESTIMATES, 1997-98

A message from His Excellency the Governor General transmitting Estimates of the sums required for the service of Canada for the fiscal year ending March 31, 1998 was presented by the Hon. the President of the Treasury Board and read by the Speaker of the House.

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I would also like to table, in support of the Estimates, Part I, the Government Expenditure Plan.

In addition, I will table with the Clerk of the House, on behalf of my colleagues, Part III of the Estimates consisting of 78 departmental expenditure plans. These documents will be distributed to the members of the standing committees to assist in their consideration of the spending authorities sought in Part II of the Estimates.

* * *

[*English*]

1997-98 HOUSE OF COMMONS ESTIMATES

The Speaker: I have the honour to lay upon the table the expenditure plan in relation to the 1997-98 estimates for the House of Commons.

* * *

[*Translation*]

MAIN ESTIMATES

EXPLANATORY STATEMENT BY THE PRESIDENT OF THE TREASURY BOARD

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, it is my pleasure to table the Main Estimates of the Government of Canada for the 1997-1998 fiscal year.

In 1993, the Red Book stated: “We will exercise unwavering discipline in controlling federal spending and will reorder current spending priorities to make sure that maximum return is obtained on each investment”.

These estimates mark the turning point: the point where we regain control over government spending. The point where we deliver public services adapted to today's reality.

[*English*]

As we promised in 1993, we are working to put the country's financial house in order. The main estimates I am tabling today contain expenditures that are closer to our means.

[*Translation*]

We are fully committed. We have worked hard and we are on the verge of achieving our objectives.

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In the span of four years, we have significantly reduced the deficit, we have built a more efficient public service. We are working to deliver quality services to all Canadians.

• (1010)

For example, this year, Revenue Canada will process several million tax returns, and it will do so in less than 10 days.

Environment Canada has rationalized its approach. The number of weather offices was reduced from 71 local offices to 17 regional offices. This was made possible by better use of modern equipment and technology. Weather information and services provided to Canadians will be improved.

[English]

By the end of the current fiscal year, the percentage of the gross domestic product allocated to federal programs as a whole will be the lowest it has been in almost 50 years. Government program spending will account for only 11.9 per cent of the gross domestic product in 1998-99 as opposed to 16.8 per cent in 1993-94.

[Translation]

Since it assumed responsibility, this government has reduced the federal government's expenditures from \$120 billion to \$106 billion.

[English]

As we promised, we have changed the way in which we govern even as we continue to put public finances in order. We took up the fight and we will win the battle to provide our citizens with quality government.

[Translation]

The people of Canada elected us because they had confidence in us and believed, with just cause, that we could succeed. Our expenditure plan will live up to their expectations, but we still have a long way to go to transform government. This year we can achieve our financial goals without announcing any new reductions.

I left the public service and decided to enter the political arena in order to protect the financial future of our country. I was already dreaming of the day when I would be part of the birth of a new culture of public financial management.

In December 1993, I said: "Over time, governments collectively have promised more than they could deliver—and delivered more than they can afford". Today marks a turning point in the history of the administration of public finance in Canada. We have examined

our financial situation, made firm decisions, and taken action to achieve our objectives. We have governed strongly and wisely.

But make no mistake: the battle has not yet been won. To relent would be to stray from the path that we have set. We are readying ourselves to enter the 21st century on sound and solid footing.

[English]

In February 1994 I told hon. members that we had to undertake an in depth review of the roles and responsibilities of the federal administration so that we could give the country a government equipped to meet the challenges of the 21st century.

Program review has been the cornerstone of our strategy. Thanks to this unprecedented exercise, we have been able to achieve our deficit reduction targets, to improve the delivery of services to Canadians and to clarify the role of the federal government in a number of areas.

[Translation]

We have reformed the system of expenditure management. We have inaugurated an ongoing program review, and soon will be in a position to provide public services within our financial limitations. We have created a stable long term planning framework for the departments.

The program review has, among other things, led us to the conclusion that, at the close of the 20th century, the state did not need to be the owner of railways, airports, or even the St. Lawrence Seaway in order to serve the taxpayers' interests. It enabled us to more clearly define the areas in which the government can best be involved in co-ordinating the actions of all citizens.

The main focus of public administration must still be the pursuit of program excellence and quality, in keeping with our means and with the needs of all of our fellow citizens.

• (1015)

Our mission has been developed without ever losing sight of the goal of enhancing the measurement of outcomes and of accountability. We are still faced with the challenge of maintaining a culture of state administration which supports constant improvement.

To that end, we have put in place a number of initiatives.

[English]

In partnership with industry we have eliminated half of the administrative irritants identified by small businesses. By next September, Veterans Affairs Canada for instance will have cut the time it takes to process an initial disability claim in half. All of this has been done while in fact spending less than we had predicted.

Routine Proceedings

[Translation]

While reducing costs and providing quality services to Canadians, we are preparing partnerships with the provinces, the private sector and the NGOs.

The Canada infrastructure program is one example of a successful partnership.

Another is the transfer by Transport Canada last November of its civil air navigation services to a private sector not-for-profit agency, which today employs 6,000 former public servants.

[English]

Not only must program delivery reflect today's reality but most important, it must meet the needs of Canadians. Soon Canadians will be using more of the new information technologies to deal with government. This is a more economical, more efficient approach that will be accessible to Canadians at any place and at any time. The government would like to develop cost recovery more fully; however, we will move forward cautiously to avoid obstacles that might unduly inhibit the competitiveness of companies or the access of Canadians to services.

[Translation]

This tool will lead to a change of attitude in both public servants and those who pay user fees. Departments will have to better tailor their services to users' needs.

Thanks to the determined support of the public servants who have been behind our undertaking for the past four years, we have made considerable progress. Thanks to their innovative nature, these public servants have proven their ability to adapt rapidly to change, while keeping firmly in sight the objective of the pursuit of excellence and the delivery of quality services.

Canada has an administrative system that is the envy of the rest of the world. Yet we cannot rest on our laurels. The constantly and rapidly evolving world economy demands greater efficiency and greater rationalization of our operations.

Our public administration had become too unwieldy over the years. The governmental machine had multiplied its areas of intervention, and had built cumbersome and costly structures. After reviewing the functions of the state, we were forced to reduce its size.

[English]

However, we are treating our employees with civility and respect as we move through the public service reduction process. Accordingly, we established the early departure incentive program, called the EDI, and the early retirement incentive program, or ERI, both of which offset a number of the consequences of staff reductions.

[Translation]

The number of federal public servants has gone from 225,000 down to 195,000 between April 1995 and December 1996.

We all want a modern and dynamic public service. We also want a quality public service. We cannot afford to be left behind, nor to let events overtake us. Accordingly, we have introduced a series of measures and strategies to address this issue. The program known as "La Relève" is the catalyst for building a modern and dynamic public service.

[English]

The return to collective bargaining is another important step for the government. I look forward to successful negotiations with the unions. We are expecting a great deal from these negotiations. We are looking for financial accountability. We are looking to establish the concept of total compensation and we are looking at transforming the public service.

• (1020)

[Translation]

Canada deserved a new way of managing public affairs. We have a vision of the future that is shaped by the need to move forward with pride.

I do not need surveys to know that Canadians are happy that their financial independence is within reach and that they will soon be free once again to choose the type of society they want.

[English]

Our vision held true as we improved results, assessment, transparency and accountability. These changes mean that we can establish a new public service culture in the best interests of all Canadians.

[Translation]

We still have much to do, but I am proud of what we have already accomplished.

The House will recall that last March we introduced, on a pilot basis, a new format for six of the Part IIIs of the Estimates.

In October, I also tabled performance reports for 16 departments and agencies. These reports provided the House with more detailed information on the results achieved. And they brought this information to members six months earlier than if we had waited for the tabling of the traditional Part III. These documents were well received and appreciated. They reflect our efforts to improve the information we present to Parliament. We have therefore decided to continue with the initiative this year.

The 16 departments and agencies have prepared outlook documents, entitled "Plans and Priorities", which I am tabling as their

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Part IIIs. They are the outcome of discussions with members of the House and the auditor general.

I would like to thank all of them for their valuable contribution, especially the member for St. Boniface and the members of his working group.

As further good news for Canadians, I am also making public today another document: "Getting Government Right—Governing for Canadians".

This document—which is close to my heart—is a report on the current status of government reform, as well as a description of the action we will be taking to achieve our goals.

We promised to create quality government. Canadians can be proud of their government. We have kept our promises. We are back on the right path—the path to cost-effectiveness and to quality.

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, as the minister said a few minutes ago, in 1997-98, the federal government will budget nearly \$106 billion for program spending, 2.9 per cent less than in the current fiscal year.

In his speech, the President of the Treasury Board seems to be looking at the world through rose coloured glasses, and what he says is far removed from the experience of thousands of public servants who have been laid off or whose professional future is uncertain.

Take, for instance, the situation at the cheque printing centres, where employees, non-unionized and in a vulnerable position, were given the choice of accepting a 40 per cent drop in salary or staying home, when their service was privatized.

The minister's self-congratulatory tone is hardly appropriate, considering the unemployed who are getting poorer because their benefits were cut as a result of unemployment insurance reform, while today, the Minister of Finance is using the UI fund surplus to reduce his deficit artificially.

• (1025)

The minister tells us, and I quote: "We are working to put the country's financial house in order". How can the minister say that when we know that 50 per cent of spending cuts represent cuts in transfer payments to the provinces? Similarly, putting the country's financial house in order explains only 21 per cent of spending cuts, in other words, \$1 out of every \$5 committed by the government.

The minister went on to say, and again I quote: "In the span of four years, we have significantly reduced the deficit". What the minister should have said in the House this morning is that, in addition to the provinces, the unemployed have also significantly reduced the deficit, when we realize that the other major weapon in the battle against the deficit is the unemployment insurance fund.

The minister also said: "This year, we can achieve our financial goals without announcing any new reductions". However, as a result of cuts in transfer payments, the provinces will have to cut funding themselves and do the minister's dirty work.

Of this \$14 billion in spending cuts, only \$3 billion is directly the result of spending cuts within the federal government. Does the absence of new reductions mean the end of federal house cleaning before the election?

Making the provinces pay and thus take the blame for spending cuts in health care, education and social services and making the unemployed pay as well, is that the beginning of a new culture in public financial administration the minister has been bragging about?

The minister also said the government was treating its employees with civility and respect as it moved through the public service reduction process. Where is the civility and respect in refusing, as the minister himself did, to invest the \$18 million required to align the federal employee drug plan with the plan under which all Quebecers will be covered once the Rochon plan is in place?

In Quebec, maximum insurance coverage is \$760 per year. This means that federal employees who suffer from a serious medical condition will have to pay 20 per cent of their drug costs however high they may be, which could amount to thousands of dollars every year.

In response to a question on this particular situation, the minister told this House only 2 per cent of federal employees living in Quebec may be affected. If so few of them are affected, why not put them on an equal footing with the other 98 per cent, those who are blessed with better health?

The minister added that, between April 1995 and the end of December 1996, the federal public service shrank from 225,000 to 195,000 employees. We will have to check how much contracting-out the government did during the same period, especially now on the eve of a federal election.

This old Liberal habit of spending money they have not earned yet is obvious here. Where is this financial independence the minister is referring to when he tells us, as he did a moment ago, that he does not need polls to tell him that Canadians are pleased with regaining their financial independence, when the accumulated debt is \$600 billion? The only good news is that the debt collector is no longer knocking at Canada's door? Thanks to the contribution of the unemployed and the provinces, the threat of bankruptcy and insolvency is not as imminent as it was four years ago.

Go ask the unemployed, those who despaired of ever finding work and dropped out of the labour market altogether, and the provincial finance ministers. Where is the financial independence the minister is boasting about this morning?

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Here is an example of this old Liberal habit—one might even call it an atavistic trait—to spend other people's money.

• (1030)

At page 2-14, Part III, of the 1997-98 Estimates, we read the following:

The government is considering obtaining four UPHOLDER class submarines from the Royal Navy.

I hope Canada is no longer buying the old tubs that the British Navy wanted to get rid of a few years ago. It goes on to say:

Delays in approving this project resulted in expenditures which were paid through the operating budget, to support an additional program to overhaul OBERON class submarines.

There is also \$8.6 million to buy a patrol frigate by March 1997; \$61.3 million to buy sophisticated air-to-surface missiles. However, as regards spinoffs for the Canadian industry, the Department of National Defence document says: "Since the weapons, pods, testing material and spare parts will be bought through the American government, the Canadian industry will not be directly involved in the contracts".

In other words, this document, the estimates, is drafted in Canada, but benefits the American industry.

Meanwhile, the minister is proud of these results.

Granted, the minister is an intelligent person. However, he does not live in the same world as we do, he does not live in the same world as Canadians do. That is the tragedy.

[*English*]

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I am pleased to respond to the President of the Treasury Board's tabling of the estimates this morning. I think that we have to point out that not everything is as clear as he would like us to believe. I refer to his speech in which he said "we will exercise unwavering discipline in controlling federal spending". That is a wonderful statement.

When I looked at the *Globe and Mail* last week I happened to see an article that said "next week's government spending estimates will prove the ad hoc and very political nature of the heritage minister's eleventh hour \$10 million gift for CBC because the money won't be there". Guess what, I checked the estimates and the money is not there. There is a little column for last minute add-ons for the political changes made by cabinet and sure enough we find that the heritage minister at the very last minute, after the estimates were printed, was able to squeak in another \$10 million for her little favourite programs. So much for the unwavering discipline in controlling federal spending. Obviously it is completely and totally subject to the whims of the people who have power around here. Therefore we have to take a look at the

political nature of the rest of the documents to see what else we have found.

The President of the Treasury Board goes on to talk about the fact that the percentage of program spending is going to be the lowest in GDP for almost 50 years, but again he completely fails to tell us about how much money in addition to program spending we are paying in interest. Canadians have to take out of their pockets \$45 billion to \$50 billion a year to pay for interest for the past mistakes of this government and the previous government. The Tories and the Liberals combined for the last 25 years have been spending with abandon. Now Canadians have to come up with \$50 billion a year or the better part thereof just to pay for these mistakes. They were not their mistakes, they were the government's mistakes but guess who gets to pay. And that is the shame of these estimates.

What else did we find in the president's speech: "Over the last few years the federal public service has grown too large and therefore we have to make it smaller". A wonderful statement but what do find? Let us take Nav Canada. Again in his speech he referred to the fact that he has transferred 6,000 former federal employees into this hybrid crown corporation, not for profit organization, hid from the auditor general organization; 6,000 federal employees and he claims he is reducing the public service.

• (1035)

Not one person lost their job. It was a transfer from one department into a not for profit agency. Nothing changed. Yet he would have us believe that he is downsizing the federal civil service, that we are getting more efficient and that we can manage our money better. Wrong. Completely wrong.

We saw the Minister of Finance stand up in this House and heard him boast about his accomplishments, how he has brought down spending, how he has brought it under control and how we are finally getting the federal government's fiscal house in order.

When we look at it, we find that the federal government is getting its house in order again at the expense of somebody else. Remember how I said that the taxpayers have to pay for the government's mistakes. We are also finding that provincial governments are now paying for the federal government's saying it is getting the job done. The health and social transfer to the provinces is how it is doing it.

Last year the federal government transferred to the provinces \$14.9 billion for health, education and social services tax. This year it is only going to spend \$12.5 billion. That is a reduction of \$2.5 billion right there that did not reduce the size of the federal government one inch.

It did not reduce the number of civil servants by one. It was a case of passing the buck to the provinces and saying "you will do with less in order for us to balance our budget". Is that responsible government? Is that the way we want to manage our federal

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government, by passing the buck to the provinces with \$2.5 billion less while Canadians are saying "what about my health care, it has fallen to pieces"? Does it care?

It cares about the Minister of Finance's being able to stand up and boast about his accomplishments. We read in the paper and I see in Edmonton, where I come from, that people have been denied emergency services, that people have died because they have had to transfer from one hospital to another in an emergency. They died in the process because there was not a bed available for them.

This government is cutting \$2.5 billion in cash from health and education. It says it is a good job. The other day the Minister of Finance stood up and said "Boy, am I good. I am going to throw another couple or three hundred million dollars back into health care. Is that not good news?"

Compare that to the cut of \$2.5 billion from health care in one year. That is terrible news. Canadians ought to know what is really going on when it comes to this government's management of health care for Canadians. Abysmal. Downright abysmal.

We have also heard the Minister of Finance tell us about how interest rates have come down and how he is saving all kinds of money. Let us recognize that interest rates are down right around the world. They are down in Japan. There are practically non-existent there. They are down in the United States. They are down in the United Kingdom. They are down all through Europe.

I wonder if the minister is taking credit for all that, too. The reality is he just happened to catch the benefit of a wave that was going around the world. Let us remember that interest rates came down not because the Minister of Finance caused it. He just happened to get the benefit of it.

This year we are going to see a reduction, finally, in the cost of our debt. It is going to drop by \$1.8 billion, the prediction is, down to \$46 billion. Let us remember that it was not the management of this government and it was not the management of this Minister of Finance that caused it.

Thankfully Canadians who have mortgages and loans with taxes to pay are getting the benefit of it. Again there are the seniors who would rely on their investment to give a little enhancement to their quality of life on top of the pittance this government gives them. What happened to their incomes?

• (1040)

I did not hear the Minister of Finance say seniors are going to be better off because interest rates are coming down. While he was boasting that someone with a big mortgage would save \$500 a month, he did not say that the senior who has a \$100,000

investment is going to lose \$500 a month. I did not hear him say that, but that is what happened.

My hon. colleague is going to be retiring after the election. He is going to have to suffer because his investments are going to bring him less money. Does the Minister of Finance care? Perhaps not.

The point is there are hundreds of thousands of Canadians across this land who are being squeezed by the reduction in interest rates, squeezed by taxes going up, squeezed because health care is not there for them, all because the Minister of Finance says "boy, am I doing a great job". Canadians know he is not doing a great job. They know that their jobs are potentially in jeopardy. One in four Canadians is concerned about a job. There are 1.5 million unemployed who are looking for a job, and high taxes are destroying these opportunities.

University graduates are asking how to get a job. The Minister of Finance is saying they will have an extra six months to before they have to start to repay their student loans. Let me assure the House that each and every one of them would rather have a job opportunity than an opportunity to defer the payment of a student loan. But these are the types of things that are going on that we do not hear about. We did not hear it in the government's tabling of the estimates.

I refer to the people in power seeming to be able to get what they want. In a stack of documents I have here there is a little interest in what is going on in the department of heritage. If I remember the numbers clearly, while the Minister of Finance says: "I am squeezing everybody, everybody is having to do with less", does anybody get more? Yes, the Deputy Prime Minister and the minister of heritage gets more. I think she gets about \$90 million more, an 8.4 per cent increase in her budget.

An hon. member: Her Canada pension payments.

Mr. Williams: Not her Canada pension payments, it is for the little programs she wants, the CBC, \$10 million; flags for everybody, another few million dollars; the information office, \$20 million. She gets what she wants and everybody else has to do with less.

She is on the left side of the party and she thinks government exists to spend money, government exists to manage the economy and manage people's money properly. She does not even know what that means. That is why these estimates fall in hard behind the budget. It tells us that Canadians are being duped by the government.

The other thing I want to point out is the smoke and mirrors. The Minister of Finance said that program spending is coming down and we are finally getting a handle on this. But let us take a look at the numbers. CRTC's budget in the main estimates is down by \$18 million, from \$22 million to \$3 million. Wow, what is going on here? I checked into it and I found that the revenues that were

collected have been netted against the expenditures for the department. Therefore rather than showing the \$22 million which is normally spent, the revenues have now been netted out and they are down to \$3 million. But it is still going to spend \$22 million.

So what has changed other than the numbers on the piece of paper? The facts are that the way the numbers are presented would lead one to believe that major progress is being made. But when we ask the questions behind it, we find that is not the case. That is the story of the government. That is the story everywhere.

• (1045)

It does not matter if the department of heritage states at the last minute that it wants another \$10 million out of taxpayers to get their favourite programs on TV. It does not matter if it is the President of the Treasury Board who stands and says that civil servant numbers are coming down. He is just moving them off the balance sheet. It does not matter if the Minister of Finance stands up and says that interest rates are coming down because of his great management. That is also wrong.

I could go on and on. The point is that the election is coming up and Canadians will have a real choice between the fiscal responsibility and management by the Reform Party and the fiscal irresponsibility by this government.

Mr. Taylor: Mr. Speaker, on a point of order. I am wondering if I might have unanimous consent to reply on behalf of the New Democratic Party to the tabling of the estimates.

The Acting Speaker (Mr. Milliken): Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): I hear nos.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I rise on a point of order.

I was wondering if the estimates that have just been tabled are in order considering a motion that was passed by this House approximately one year ago. This motion gave direction to this House as well as to components of the legislative branches of government.

Today in raising this matter, I think it is the first time that the motion could be put in its context and be applied to the business of the House and in this case, the business of supply.

To remind us, back on December 11, 1995, we passed a motion in this House of Commons that reads in part as follows:

Whereas the people of Quebec have expressed the desire for recognition of Quebec's distinct society;

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(2) the House recognize that Quebec's distinct society includes its French-speaking majority, unique culture and civil law tradition;

(3) the House undertake to be guided by this reality;

Mr. Speaker, that is the part of the resolution which I want you to take under consideration, "that the House undertake to be guided by this reality".

The fourth part reads:

(4) the House encourage all components of the legislative and executive branches of government to take note of this recognition and be guided in their conduct accordingly.

Mr. Speaker, that is the item I am raising in this point of order, as to whether this motion has been considered in the process of determining the presentation of supply to the House. Mr. Speaker, I refer you to Beauchesne's sixth edition, citation 553:

Every question when agreed to assumes the form either of an order or a resolution of the House. By its orders the House directs its committees, its Members, its officers, the order of its own proceedings and the acts of all persons they concern;

Mr. Speaker, I would like to ask if you considered what the motion's procedural significance had on the receivability of the supply here today and would have on other bills, motions, amendments, questions and other proceedings that are going to be placed before the House. If you read the motion that was passed by this House as I did, the government and this House must take the reality that Quebec is a distinct society into consideration in all that they do.

On page 16972 of *Hansard*, the Prime Minister tried to clarify the motion when he said to us in this assembly:

Once it is passed, this resolution will have an impact on how legislation is passed in the House of Commons. I remind Canadians that the legislative branch will be bound by this resolution, as will be the executive branch.

Today the minister is a representative of the executive branch.

This is a real, dynamic recognition, recorded in the very heart of our country's government.

• (1050)

Considering that the distinct society motion has been in effect for over a year, those so ordered by this House have had sufficient time to take the reality that Quebec is a distinct society into consideration when planning budgets and drafting bills, including any change as to how the proceedings of this House conform to that order.

It is our responsibility at this time to ask those so ordered by this House how they have considered the motion. You, Mr. Speaker, by virtue of this motion have been ordered to do so. The minister who just tabled the estimates has been so ordered. While under those orders did he confer upon Quebec any rights, any privileges or benefits not conferred upon the other provinces of Canada? That is a very key question.

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In conclusion, many Canadians agree that Quebec is a distinct society. However, they are concerned with the impact it would have on them if it were entrenched in the Constitution. They are also concerned with having this reality, as the Prime Minister described it, recorded—

The Acting Speaker (Mr. Milliken): Order, please. I have listened very patiently to the hon. member in spite of some concerns that others may be having and I fail to see any tie-in between the point of order that he has raised and the form of the estimates. I fail to understand why it would be that the estimates, which appear to be in the normal form for estimates as required by the rules and orders of this House and by our longstanding practice, should take on a different form based on the point which the hon. member has raised.

Accordingly, having heard nothing that would convince me there is anything irregular whatever in the form of these estimates, I can only say that I believe the hon. member's point of order is not well taken. I think we should proceed with the business of the House.

[*Translation*]

Mr. Duceppe: Mr. Speaker, I think your decision is in fact justified, and this is proof that the distinct society resolution meant absolutely nothing because, as you see, in something as important as the budget, it has no application.

The Acting Speaker (Mr. Milliken): I would ask the hon. member to be circumspect and not to put words in the Speaker's mouth. I merely indicated that the hon. member for Lethbridge was out of order in questioning the Estimates tabled by the minister and recommended by His Excellency in the House today and the resolution we passed. That is all that I said.

[*English*]

I do not want the hon. member from the Bloc Quebecois to draw any other inference from what the Chair said as he is trying to do at this time.

I would suggest we move on to the regular business of the House. I do not believe that a point of order has been raised.

I will hear the hon. member for Lethbridge briefly, but I have listened very patiently and I think he has had a fair hearing on this matter.

Mr. Speaker (Lethbridge): Mr. Speaker, I appreciate the time which you have allotted to me because the matter is of very great significance.

I would ask for a clarification on your ruling. I am not questioning your ruling but in terms of clarification, with respect to the motion which was passed on December 11, 1995, are you saying that the House or a member of the executive council does not have to consider that motion as ordered by the House as it

relates to a piece of legislation or the estimates of today or any other matter? Is that what I interpreted—

The Acting Speaker (Mr. Milliken): No. I simply said that the hon. member had failed to show that there was anything in the estimates which was not in compliance with the motion. I respectfully suggest that was his point. Having failed to prove it on any cogent argument, in my view the point of order is not well taken and I so rule.

I am prepared to move on with the business of the House at this point.

Mr. Williams: Mr. Speaker, my hon. colleague from Lethbridge specifically referred to the motion passed in the House on December 11, 1995 and the fact that this House will take these things into consideration.

The estimates which were tabled this morning by the President of the Treasury Board contained no reference whatsoever that this motion has been addressed in the preparation of these documents. Therefore, I ask that the—

The Acting Speaker (Mr. Milliken): Order. I have already ruled on this point. I think the hon. member is re-arguing the point. The Chair has given a ruling and I think it is quite clear. There was no evidence put forward in any of the lengthy argument of the hon. member for Lethbridge to show that there was anything irregular in the tabling of these estimates. I am sure that we could get into a protracted debate as to whether the estimates have taken into consideration the point that was adopted by the House in the resolution to which the hon. member for Lethbridge has referred. I suggest that is a matter for debate. It is not a matter of a point of order.

• (1055)

The minister and the members who wish to argue this point can do so on one of the allotted days when we will be considering these estimates, as no doubt we will be over the next coming months. I suggest that it is a matter for debate. It is not a point of order. The estimates appear on their face to be in order and I respectfully request that we move on.

[*Translation*]

Mr. Duceppe: Mr. Speaker, I need some clarification.

This distinct society motion indicated that, in all its actions and decisions, the government was to take this reality into account. That was what was passed.

That being said, the estimates bear, among other things, on the heritage department. Through the issue of culture, whether Quebec or Canadian—

The Acting Speaker (Mr. Milliken): Order, please. This is the same point. As I said, we have already ruled.

Routine Proceedings

[English]

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

COMMITTEES OF THE HOUSE

* * *

FOREIGN AFFAIRS AND INTERNATIONAL TRADE

Mr. John English (Kitchener, Lib.): Mr. Speaker, I have the honour to present in both official languages the fifth report of the Standing Committee on Foreign Affairs and International Trade. This is the first report of the subcommittee on sustainable human development entitled "Ending Child Labour Exploitation: A Canadian Agenda for Action on Global Challenges".

I would also like to thank the witnesses who appeared before the committee as well as the members of Parliament for their work on this committee. This is a very important report that I think will guide the government in its approach to this very significant question.

[Translation]

Mrs. Maud Debien (Laval East, BQ): Mr. Speaker, "The State of the World's Children" is the title of the latest Unicef report, from which I quote the following: "Today, over 250 million children around the world—in countries rich and poor—work and many of them are at risk from hazardous and exploitative labour. Denied education and trapped in cycles of poverty, their most basic rights, their health and even their lives are in jeopardy. The contributing factors are multiple and overlapping, including the exploitation of poverty, lack of access to education, and traditional restrictions, particularly for girls".

Today, the government is tabling the report of the sub-committee on sustainable human development on this same topic, along with a proposed action plan on this intolerable situation.

I must say that the Bloc Quebecois members took part in the activities of this sub-committee with interest. Our active participation contributed to improving the report, and the government party accepted almost all of our recommendations.

We must point out, however, first of all, that the conditions under which the final report was drafted and translated into French are unacceptable.

I would just like to indicate that we played a significant part in the drafting of this report, and we are calling for the government to implement its 19 recommendations as promptly as possible.

* * *

CITIZENSHIP ACT

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.) moved for leave to introduce Bill C-84, an act to amend the Citizenship Act and the Immigration Act.

● (1100)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

Mr. Jean-Paul Marchand (Québec-Est, BQ) moved for leave to introduce Bill C-373, an act to amend the Federal-Provincial Fiscal Arrangements Act (provincial legislation contravening the Canadian Charter of Rights and Freedoms).

He said: Mr. Speaker, I am, in fact, introducing two bills whose purpose is to wake up francophone members outside Quebec who are usually asleep or hide their heads in the sand when enforcement of the Official Languages Act in Canada is at stake. The President of the Treasury Board, when he was principal secretary at Foreign Affairs, even tossed out the Official Languages Act.

This bill is intended to give enforcement of the Official Languages Act in Canada more teeth. It would ensure that funding earmarked for Canadian francophone communities gets to those communities. Unfortunately, this money is appropriated by the provinces for other purposes.

The bill therefore suggests that transfer payments to those provinces be reduced, if the money does not go to these communities or if the provinces violate the Canadian Constitution as it applies to the minority rights of francophones. That is, in fact, the case in most Canadian provinces.

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

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

Mr. Jean-Paul Marchand (Québec-Est, BQ) moved for leave to introduce Bill C-374, an act to amend the Federal-Provincial Fiscal Arrangements Act (social services for the French linguistic minority of a province).

He said: Mr. Speaker, the second bill is along the same lines as the first one. Its purpose is to ensure that the provinces that do not use the portion of transfer payments which is designated for francophone communities are fined accordingly by the federal government, in other words, an equivalent amount is cut from transfers to the provinces if the amounts allocated to francophone communities do not go to those communities.

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

Routine Proceedings

[English]

**AGREEMENT ON INTERNAL TRADE
IMPLEMENTATION ACT**

Mr. Leon E. Benoit (Vegreville, Ref.) moved for leave to introduce Bill C-375, an act to amend the Agreement on Internal Trade Implementation Act.

He said: Mr. Speaker, it is a pleasure for me to introduce my private member's bill, an act to amend the Agreement on Internal Trade Implementation Act.

The agreement on internal trade that was signed nearly three years ago was a start. However, it has not yet been completed. The main obstacle to the completion of this agreement is the use of the term consensus as it has been used by the negotiating committee comprised of cabinet level representatives from federal, provincial and territorial governments.

This committee has interpreted the definition of consensus to mean unanimity. Therefore, any one government, regardless of population, can impeded the progress of the agreement, and indeed that of the Canadian economic union.

My bill will allow the federal government to use its constitutional responsibility under sections 91 and 121 of the Constitution to complete sections of the agreement on internal trade. It is important to note that this action will be taken only in situations where co-operative agreement between the provinces has been sought and not reached.

• (1105)

This proposed approval formula will require agreement among at least two-thirds of the provinces that have at least 50 per cent of the Canadian population. This provision will facilitate the removal of internal trade barriers and present growth opportunities to Canadian businesses which previously have been restricted by these barriers.

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

* * *

[Translation]

MAIN ESTIMATES, 1997-98

REFERENCE TO STANDING COMMITTEES

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, pursuant to the provisions of Standing Order 81(4), as amended for

the 1997-98 fiscal year, and Standing Order 81(6), I move that the Main Estimates be referred to the Standing Committees of the House.

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

The Acting Speaker (Mr. Milliken): Is it agreed?

Some hon. members: Agreed.

Mr. Massé: I move the following motion:

That the Main Estimates for the fiscal year ending March 31, 1998, laid upon the Table on February 20, 1997, be referred to the appropriate Standing Committees of the House, according to the detailed distribution list here appended.

[Editor's Note: List mentioned above follows:]

- To the Standing Committee on Aboriginal Affairs and Northern Development
Indian Affairs and Northern Development, Votes 1, 5, 10, 15, L20, L25, L30, 35, 40, 45 and 50
- To the Standing Committee on Agriculture and Agri-Food
Agriculture and Agri-Food, Votes 1, 5, 10 and 15
- to the Standing Committee on Canadian Heritage
Canadian Heritage, Votes 1, 5, 10, 15, L20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 140 and 145
- To the Standing Committee on Citizenship and Immigration
Citizenship and Immigration, Votes 1, 5, 10 and 15
- To the Standing Committee on Environment and Sustainable Development
Environment, Votes 1, 5, 10 and 15
Privy Council, Vote 30
- To the Standing Committee on Finance
Finance, Votes 1, 5, L10, 15, 20, L25, 35 and 40
National Revenue, Votes 1, 5, and 10
- To the Standing Committee on Fisheries and Oceans
Fisheries and Oceans, Votes 1, 5 and 10
- To the Standing Committee on Foreign Affairs and International Trade
Foreign Affairs, Votes 1, 5, 10, 15, 20, 25, L30, L35, 40, 45, 50 and 55
- To the Standing Committee on Government Operations
Canadian Heritage, Vote 135
Governor General, Vote 1
Parliament, Vote 1
Privy Council, Votes 1, 5, 10 and 35
Public Works and Government Services, Votes 1, 5, 10, 15, 20, 25, 30 and 35
Treasury Board, Votes 1, 5, 10, 15 and 20
- To the Standing Committee on Health
Health, Votes 1, 5, 10, 15, 20, 25 and 30
- To the Standing Committee on Human Resources Development
Human Resources Development, Votes 1, 5, 10, 15, 20, 25, 30 and 35
- To the Standing Committee on Human Rights and the Status of Persons with Disabilities
Justice, Vote 10
- To the Standing Committee on Industry
Industry, Votes 1, 5, L10, L15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115 and 120

Routine Proceedings

To the Standing Committee on Justice and Legal Affairs
Justice, Votes 1, 5, 15, 20, 25, 30, 35, 40 and 45
Privy Council, Vote 40
Solicitor General, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50

To the Standing Committee on National Defence and Veterans Affairs
National Defence, Votes 1, 5 and 10
Veterans Affairs, Votes 1, 5 and 10

To the Standing Committee on Natural Resources
Natural Resources, Votes 1, 5, 10, L15, 20, 25, 30 and 35

To the Standing Committee on Procedure and House Affairs
Parliament, Vote 5
Privy Council, Vote 20

To the Standing Committee on Public Accounts
Finance, Vote 30

To the Standing Committee on Transport
Privy Council, Vote 15
Transport, Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40

To the Standing Joint Committee on Library of Parliament
Parliament, Vote 10

To the Standing Joint Committee on Official Languages
Privy Council, Vote 25

(Motion agreed to.)

* * *

[English]

PETITIONS

RIGHTS OF VICTIMS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I have four petitions. The first petition suggests that the charter of rights and freedoms protects all Canadians, including those convicted of crimes. Victims of crimes require specific rights in the justice system.

Therefore the petitioners call on Parliament to support the private member's activities and developments of the victims' bill of rights in this House.

GAS PIPELINE

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the second petition says that in June 1996 the Prime Minister of Canada announced he would work toward diverting the Sable Island gas pipeline to Quebec City. It is unacceptable for the Prime Minister to decide the destination of Nova Scotia natural gas without consulting Nova Scotians.

Therefore, Nova Scotians assert their right to control the destination of Sable Island gas and demand that the federal government cease tampering in this issue.

HIGHWAYS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the third petition calls on Parliament to urge the federal government to join with provincial governments to make the national highway system upgrading possible.

GASOLINE PRICES

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the fourth petition requests that Parliament not increase the federal excise tax on gasoline and strongly consider reallocating its current revenues to rehabilitate Canada's crumbling national highways.

NATIONAL AIDS STRATEGY

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I would like to present a petition on behalf of 97 of my constituents who are concerned about the impending March 31, 1998 expiry of the National AIDS Strategy.

The signatories call on Parliament to urge the Prime Minister and the Minister of Health to commit to a renewal of the National AIDS Strategy with at least the current level of funding.

HIGHWAYS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition signed by residents of my constituency, residents of the cities of North Battleford and Lloydminster and the towns of Paynton, Onion Lake and Battleford.

The petitioners note that 38 per cent of the national highway system is substandard, that the national highway policy study identified job creation, economic development, national unity, saving lives and avoiding injury, lower congestion, lower vehicle operating costs and better international competitiveness as benefits of the proposed national highway program.

• (1110)

The petitioners call on Parliament to urge the federal government to join with the provinces to make the national highway system upgrading possible.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, pursuant to Standing Order 36, I have two petitions to present. The first calls on Parliament to urge the federal government to join with the provincial governments to make the national highway system upgrading possible beginning in 1997.

JUSTICE

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the second petition calls on Parliament to conduct a full public inquiry into the relationship between lending institutions and the judiciary, and to enact legislation restricting the appointment of judges with ties to credit granting institutions.

GASOLINE PRICES

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, I wish to file a petition from residents of British Columbia pointing out that gasoline is a necessity and that most of today's gasoline costs to consumers are made up of taxes.

The Budget

Nevertheless, two Liberal dominated committees have recommended still another federal gas tax increase added to the incredible 566 per cent increase in the past decade.

The petition requests no new gas taxes and for the government to use existing gas taxes to improve Canada's crumbling national highways.

NUCLEAR WEAPONS

Mr. Jim Jordan (Leeds—Grenville, Lib.): Mr. Speaker, I have a petition from citizens in my riding, places like Merrickville, Brockville and North Augusta.

The petitioners request that Parliament support the immediate initiation and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

SAFETY OFFICES COMPENSATION FUND

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two petitions which have been circulating across Canada. The first comes from Delta, B.C.

The petitioners would like to draw to the attention of the House that our police and firefighters place their lives at risk on a daily basis as they serve the emergency needs of all Canadians.

They also state that in many cases the families of police officers and firefighters killed in the line of duty are often left without sufficient financial means to meet their obligations.

The petitioners therefore pray and call on Parliament to establish a public safety officers compensation fund to receive gifts and bequests for the benefit of families of police officers and firefighters killed in the line of duty.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition comes from Calgary, Alberta.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession that has not been recognized for its value to our society.

The petitioners therefore pray and call on Parliament to pursue initiatives to assist families who choose to provide care in the home for preschool children, the chronically ill, the aged or the disabled.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

[Translation]

The Deputy Speaker: I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 37 minutes.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from February 19 consideration of the motion that this House approves in general the budgetary policy of the government; the amendment, and the amendment to the amendment.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to respond to the budget presented by the finance minister earlier this week.

I want to begin by pointing out that a budget can never be looked at in isolation from what is going on in the country. It can never be looked at in isolation from the government's history, nor from what is going on in the current economic and social climate.

Frankly, that is the great weakness of the government's budget. It wanted to give the impression that this was a budget about which Canadians should feel very good, that all the problems of the past were behind us and now we can look forward to a bright future.

When the government presents a budget that implicitly says that, it ignores what is going on in the real world.

• (1115)

The fact is many Canadians today are asking "If this is such a good budget, why am I not seeing any of the benefits? Why am I not, for instance, able to find a job? Why can I not rely on the health care system? What about the pension system"? Those are the kinds of questions people in the real world are asking today. I did not see any of that reflected in the budget we heard just two days ago.

Some have referred to this budget as the fudge-it budget. I think that is a good name because this budget is remarkable not for what is in it but for what is not in it. A budget should take into account all the big issues that are out there today, particularly economic issues. The budget sets the agenda for the government for the entire year. However, if it does not address the issues that Canadians are concerned about, to that degree it has no relevancy to what is going on in the real world. Obviously if the government is going to show leadership, be responsible and accountable to Canadians then the budget should be relevant to the situation of Canadians today. But I do not think the budget is. I think the budget completely missed the point on some very important issues.

The Budget

I mentioned a minute ago that people today are concerned about jobs. I was astounded when I read the budget document and the booklet dedicated to the issue of employment that there was not one reference to the fact that taxes kill jobs. I heard the minister say in this place that taxes, payroll taxes, are a cancer on job creation. Many people in this place have said the same thing. But in that whole document there was nary a reference to the fact that payroll taxes kill jobs.

It would be bad enough at any time, but coming five days after the finance minister announced a 70 per cent increase in payroll taxes for the Canada pension plan is absolutely astounding. How could he not know that Canadians were going to be outraged by a tremendous increase in taxes, the largest tax increase in the history of the country? There was no reference to the impact it would have on job creation.

When the government thinks it is going in its favour and announces a 10 cent or a 30 cent decrease in UI premiums, it crows about how many jobs that will create. It alleges that a 30 cent decrease in UI premiums will create 40,000 jobs. But on a huge 70 per cent increase in CPP premiums, there is not a word on how many jobs it will kill. There is not one word in the budget. Nowhere is it seen.

To bring forward a budget five days after it announced that CPP premiums were going to go up a whopping 70 per cent and to not even mention it is simply outrageous, neglectful of the responsibilities of the finance minister. Frankly, it proves beyond a shadow of a doubt how out of touch the government is with the concerns of ordinary Canadians.

During the last election campaign the government ran on the issue of jobs, jobs, jobs. When I went through the jobs document I did not see a single reference to the 9.7 per cent unemployment rate. It was nowhere to be found in the document. There were some words in the budget speech about how we should be concerned about joblessness. However, in the jobs booklet, an appendage to the budget document, under the section of economic indicators one would think that somewhere in there would be a mention of the 9.7 per cent unemployment rate. Somewhere it would mention that we have 1.5 million unemployed Canadians.

Hon. member across the way will correct me if I am wrong, but I believe that going into the last election we also had 1.5 million unemployed Canadians and the government ran on the promise of jobs, jobs, jobs.

• (1120)

We had 1.5 million unemployed Canadians at that point. Three and a half years later we present a budget with no mention of the fact that we still have 1.5 million unemployed Canadians. If the

Liberals ran on that promise I would suggest, in the strongest possible language, that they have completely failed to keep that promise. The promise was a sham, it has not been fulfilled and Canadians have been let down, including the millions of Canadians who voted for the Liberals based on the promise that they would soon find employment. It simply did not happen.

One of the things that was not mentioned in the budget document, even though the Liberals had to put some numbers in but was not remarked on in any significant way is the fact that revenues have gone up dramatically under the Liberal government. Tax revenues have gone up dramatically. If we look at the five year mandate of the government, according to its own numbers going from 1993, including its projections for next year, its total tax revenues will go up about \$30 billion. That means a 30 per cent increase.

However, if we look at what has happened to the incomes of ordinary Canadians, I would argue that in a direct comparison ordinary Canadians have fared very poorly. Their incomes have gone down 10 per cent. The government's income has gone up 30 per cent. There was no recognition of that in the budget.

Again, I think the budget should be relevant to Canadians. It should reflect what is going on in the real world. It is fine for the finance minister to speak from the Ottawa bubble and suggest that things are going well, but it ain't necessarily so back in the real world.

Taxes not only kill jobs but they make it impossible for people to fulfil their dreams. We should remember that the whole point of having a budget and of having a government is to serve the people. That is why we are here, we are public servants. However, I do not believe that has been reflected at all in this budget document either.

I would argue that what we find when we read the budget are a lot of self-congratulations and an attempt by the government to put the best possible face on a very bad situation.

I mentioned a minute ago that people are not able to fulfil their dreams because of the staggering level of taxes. However, that is probably the best case scenario for some people. For many people who went bankrupt, including all those people who went bankrupt last year as result of this government's high tax policy, it has been a complete and utter disaster. In 1996 in this country we faced record bankruptcies. That is not a surprise because, after all, we had record high levels of taxation. We had record high levels of personal indebtedness. We saw disposable incomes fall by \$3,000 from the time the government came to power in 1993. Again, that was nowhere reflected in the budget documents. I believe it again reflects a disconnectedness with where Canadians are at today.

There are other reasons why I think we need to refer to this document as a fudge-it budget that does not give the whole story.

The Budget

One of the things that the government and the minister crowed about was the new spending initiatives that he introduced in the budget, about \$1 billion a year over two years.

However, what he did not say, and we should always point this out when we have a debt approaching \$600 billion, is that this reinvestment was with borrowed money. That is the first thing we need to point out.

The second thing we need to point out when the government is proposing to spend new money on areas that it asserts are important to Canadians, and I believe it is right when it says that, is that when it spends a billion dollars in areas like research and development or health care initiatives it should, to be fair, point out that it also cut \$7.5 billion from the Canada health and social transfer and it has made cuts to research and development in the past.

• (1125)

The impact of those cuts is far greater than the benefits of the money that it is proposing to put in. This year alone it is another \$2.8 billion in cuts to the Canada health and social transfer, and it is crowing about \$300 million that it is going to put into health care over a three year period.

Let us put things in perspective. For every \$1 the government is putting back in this year it is going to take \$10 out. I do not think that is much of a help to ordinary Canadians.

A lot of ordinary Canadians are going to say this is nothing but pre-election flimflammy. They have every right to be cynical about what the government is doing and they really wonder what the exercise or what the purpose of a budget is. If it is not to tell the complete story then what exactly is the government doing? Obviously it is trying to put the best possible face on a very bad situation.

One of the concerns I have is that over the three and a half years we have been here our party has railed away day after day on the problem of the deficit. I want to give the government some credit here. The government is finally taking the deficit situation seriously. After nine years that we have pounded away about the deficit, it has become an issue. I would like to suggest that perhaps the Reform Party can take a bit of credit for raising that issue and making it a big issue. I applaud the government for finally recognizing that it is important. It has taken a while but the message has gone through.

Where we disagree completely with the government on its approach to the deficit is in how it has lowered it. The government has taken a completely different approach than our party would have taken. I want to expand on that for a moment.

The government has raised revenues. It has raised taxes, raised revenues, and it has used that money in a couple of different ways.

It has used it partially to reduce the deficit and it has used it partially to maintain a government that is far too big, far too wasteful, far too inefficient; a government that still has all kinds of pools of money to give out to special interests, to business groups and to many big businesses like Bombardier. The government has used the money to curry favour with regional interests. It has used it in a number of ways that are not very efficient and do not contribute to the overall betterment of the Canadian people and the Canadian economy.

That is one of the big differences between what the government does and how the Reform Party would handle this situation. The government says that it thinks it is okay to gradually reduce its spending until it has a government of around \$107 billion or somewhere around there. We say it is much better to reduce the size of government down to about \$94 billion and to turn the savings back to Canadians. In other words, the government has continuously raised revenues up, and that has come from only one place, from the pockets of ordinary Canadians. Meanwhile Canadians' incomes have fallen.

We say it is time to reverse that trend. We would make government smaller and give the benefits back to ordinary Canadians in the form of a \$15 billion tax relief package. It would amount to \$2,000 for the average family of four by the year 2000. I will go into that in more detail in a moment.

However, there is another area where we are critical of the government. We are critical of the government in so far as when it has reduced spending it has reduced it by cutting transfers to the provinces.

We came here three and a half years ago, coming out of an election campaign where the Reform Party proposed to balance the budget over a three year period. We called it zero in three. In that package we outlined a number of spending reductions. We said because Canadians have made it very clear that health care is a priority for them, we would preserve health care spending and higher education spending, but that just about everything else would have to be looked at. In that plan we were able to come up with enough cuts that we would be able to balance the budget over a three year period.

When we were proposing those things the government members across the way at that time during the election campaign pilloried the Reform Party despite the fact that we were going to save health care and save higher education. What did they turn around and do? They proceeded to cut health care far more dramatically than anything anybody in the provinces ever proposed. We proposed to save it; they cut it by billions and billions of dollars. There are hospitals closed around the country today due to what the Liberals did after they said they would not do it.

The Budget

• (1130)

In the election campaign they went around the country telling people they were going to be the defenders of medicare. I do not think there is anybody who would buy that line today. The finance minister has served as the Dr. Kevorkian of health care in this country. He has pulled the plug on health care in many, many regions of the country. I hope the Liberals will pay the price for that.

Cutting transfers to the provinces is the wrong way to cut spending. We say that it is much better to look at your own house first. When you do that then you have the moral authority, you have exercised leadership and people are much more willing to accept cuts at their level if you have already demonstrated that you are willing to accept cuts at your own level.

In order to get its spending in line the government cut defence. It has cut that department by about \$3 billion since it has been in power. Defence has been the whipping boy of successive governments for a long time and the cuts have to stop.

When we add up the cuts the government has made to transfers to the provinces which amount to about \$7.5 billion, and the cuts which it has made to defence which are about \$3 billion, it amounts to \$10.5 billion. It has only cut \$17 billion in total. The other \$6.5 billion has come from cuts to its own administration.

If we add that to the increase in revenues which the government has brought in, which amount to about \$28 billion and which include user fees and other revenues, this indicates that only about 5 per cent of the overall improvement in the bottom line is due to cuts in its own backyard. It has only cut itself by 5 per cent. Taxpayers have taken a major hit. Their pocketbooks are empty because of what the government has done. The provinces have taken a major hit. The people in defence have taken a major hit. But only 5 per cent of the improvement in the bottom line is due to cuts that the Liberals over there have taken.

One of the most egregious examples is the cementing in place of the MP pension plan that Liberal members were thrilled to engage in about two years ago. Now they turn around and say: "We are going to go after seniors and all the rest of the people who are coming up through the ranks and paying into the Canada pension plan by raising their premiums by 70 per cent".

It is typical of what has happened in this budget. It is typical of what has happened in the past. Liberal members pad their own pockets first and then ensure that their way is paid for by higher premiums and higher taxes from ordinary hard working Canadians.

This budget is a fudge-it budget. It has not told the complete story about what is going on in the country. The government has

proven that it is disconnected from what is going on in the country. The government has proven it does not understand the pain which ordinary Canadians are feeling. The government has completely broken its promise on jobs. It has left the young people of the country out in the cold. Youth unemployment stands at 17 per cent.

There is a better way. The Reform Party will provide people with a better way through lower taxes, smaller government and a reinvestment in social programs. I hope that Canadians punish the government in the next election for what it has done.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the Reform Party continues to talk about how Canadians feel.

I wonder if the Reform Party has considered how the disabled feel about this budget. Their benefits have been enhanced. I wonder if it has thought about how students feel about the expanded tuition credits and deductions they are going to get. I wonder if it has thought about how seniors feel now that there is in place a seniors benefit program and amendments to the CPP which will guarantee pensions and disability benefits. I wonder if it has thought about how Canadian parents feel about the enriched child tax benefit.

• (1135)

Has Reform thought of how the Canadian tourist industry feels about the significant injection of funds, or about how the technological industry in Canada feels? How about the agricultural sector? How about the youth strategy, the jobs and opportunities? These are also Canadians and they understand that the government has delivered a budget of hope.

The member spent a lot of time dealing with health care and how awful it is. Let me talk about what has happened with health care in my province of Ontario. The CHST was decreased by 2.5 per cent of provincial revenues which is far less than what we cut our own spending by. What happened is that the Ontario government then proceeded with a 30 per cent tax increase. The National Forum on Health has stated that the problem with our health system is not money itself but how the money is spent.

My question has to do with the Canada pension plan. I would like the member to answer some questions for the House and Canadians. Do the Canada pension plan collections received by the government reduce the deficit? Do individuals, corporations and self-employed people pay less tax because they are paying a little more in CPP?

If the answers to those questions are what they should be, then the member will also agree that the government deficit increases as a result of the CPP increase in premiums because of lower tax revenue from individuals, corporations and self-employed people. The Reform Party has said that CPP increases are a tax grab, but

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they are actually reducing the government's revenues and increasing the deficit.

Mr. Solberg: Mr. Speaker, there are a lot of different issues there. I hope the hon. member will forgive me if I do not get to all of them.

He touched on students. I will try to answer the member's questions about what this budget does for students. As I said before, this budget is not remarkable only for what is in it but also for what is not in it. The hon. member forgot to mention that the government has already cut seven and a half billion dollars in the health and social transfer. Transfers for education have been dramatically reduced by this government. When the hon. member says that the government has thrown a bone to students, he has forgotten to say that it already took about 10 bones away. He should mention that in fairness.

The same thing applies to the disabled. There have been billions of dollars in cuts to health care. The disabled more than any other group rely on health care. In fairness he should point that out. We do not have a problem with the government contributing more money toward the disabled; that is not a problem. But he should in fairness point out that the government has dramatically reduced transfers to the disabled.

With respect to the child tax credit, we have no problem with money going into programs for poor people in this country. That is a good idea. We have no problem with that. Our point is that if you keep raising taxes and hurting people, poor people in particular who have the least income and cannot afford tax increases, then you are undoing any good you could possibly do by giving them more money through a program to alleviate child poverty.

With respect to technology, if you raise taxes through the roof, which is what this government has done, and then you throw people a bone in a pre-election budget, that is superficial. People understand exactly what the government has done in the past. Those cuts are still hitting home today. So let us not be misled.

What was in the budget with respect to agriculture? I did not hear anything. Was there anything? There was nothing in there, despite the fact that we have tremendous transportation problems in the west and we have a wheat board which many people would argue is completely dysfunctional. So let us not suggest there was something in there when there was not.

With respect to youth, I simply must say when the member talks about a youth strategy, what people really want are jobs. This country has a 17 per cent youth unemployment rate. It is horrendous especially considering the government ran on a promise of jobs, jobs, jobs. We do not need more programs, what we need are more jobs.

• (1140)

Finally with respect to CPP—

Mr. O'Reilly: Mr. Speaker, on a point of order.

I respect the views of the hon. member for Medicine Hat but that is the third time he has used the term "jobs, jobs, jobs" which was Mr. Mulroney's statement.

The Deputy Speaker: That will not come out of the time of the hon. member for Medicine Hat.

Mr. Solberg: Mr. Speaker, Liberal, Tory, same old story.

With respect to the CPP, I simply must point out that the finance department itself has called the premiums on CPP a payroll tax. Therefore it is a payroll tax and we must not mislead Canadians by suggesting that somehow this is an investment which is what I think my friend across the way wants people to believe.

In fact if it were an investment, it would be the worst possible investment I have ever heard of in my life: premiums go up 70 per cent and there is a 10 per cent decrease in the pension. How in the world can members across the way call that an investment? If it is an investment, it is a Liberal investment and the worst possible one I have ever heard of.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I have a comment and a question for the member for Medicine Hat generally on the debate yesterday and today.

I see a tremendous circus spectacle being undertaken here. Jugglers from all sides of the House are throwing brightly coloured balls into the air, diverting the attention of Canadians from what is really happening behind them. The political agenda of both the government and the Reform Party is being ignored while the public watches all these coloured balls but Canadians see through this. They are not watching the balls in the air any more. They are concerned about what is happening behind the jugglers.

We see today in particular the Reform Party's finance critic talking about jobs and what would happen under the budget. I have to accept all of the critical words the member for Medicine Hat has put out with regard to the government's record on jobs. The government's record is abysmal in this regard and the government knows it.

The member for Medicine Hat also knows that the program which created no job creation in this country is the same type of program he would advocate were he the finance minister. There would be additional cutbacks in the public service and tax breaks to the large corporations which have not produced any additional jobs in this country.

I would like the member for Medicine Hat, who is Reform's finance critic, to comment on some of the numbers that have come out of the budget, in particular one set of numbers. In 1993, the last year of the Mulroney government, 5,250 taxpayers earning over

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\$70,000 a year paid no taxes. Under the current government there has been a 400 per cent increase in that 21,270 Canadians who earn \$70,000 a year or more paid no taxes. There are more Canadians paying less taxes or no taxes—

The Deputy Speaker: The hon. member's time will be up in one minute and eleven seconds.

Mr. Solberg: Mr. Speaker, I have the same response to my hon. friend. The Reform Party is an advocate of a much simpler taxation system that ensures everybody pays taxes. In fact we have been at the forefront of the debate in advocating a flat tax system and would certainly invite my hon. friend and others to contribute to that debate. It is wrong for people to escape paying taxes in this country if indeed they have an income, or in the case of corporations if they are making a profit. That would be the short answer.

The other point I would make to my hon. friend is we believe that subsidizing businesses by giving them taxpayers' money is equally wrong. That is something my friends across the way in the Liberal Party have been guilty of for a long time.

• (1145)

The most blatant example of that was recently when they gave their friends at Bombardier hundreds of millions of dollars in subsidies. I note in the budget that another \$250 million has been set aside for precisely that. They should be ashamed of that approach to job creation because it only creates jobs for their corporate buddies in corporate Canada.

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, I am splitting my time with the hon. member for Saint-Denis.

With this, our fourth budget, we begin to build the future while recognizing we are still constrained by the past. As we head into the new millennium, we are continuing to restore Canada's fiscal health. We are continuing to invest in immediate jobs and growth. We are continuing to invest in job creation and growth in the long run and we are continuing to invest in a stronger society.

From the beginning our government has struggled under the weight of massive debt; like a \$500 billion ball and chain, the debt prevented us from going where we wanted.

Today we are by no means unchained. The only thing we spend more on than interest is transfers. We spend more on interest on the debt than on everything else combined, excluding transfers. So debt remains a problem. Even when the annual deficit has gone down to zero the ball and chain of debt will remain until we pay off our enormous loan.

As the economy grows and the debt declines we will be able to move more and more freely. So no, we are not unchained but our deficit is lower than it has been in 15 years. We have restored international confidence in our fiscal management of the country. We have restored our fiscal sovereignty. We have restored interest rate sanity and our load is beginning to lighten. We can now begin to move beyond securing, stabilizing and sustaining, toward striving for a stronger society, toward seizing our destiny in the 21st century.

There are those who say this is simply an election budget, that we are not showing our true colours, that our new spendings on jobs, health care and poor children are just short term election ploys. To them I say look at the numbers. They all add up and we are still ahead of our fiscal targets. If we could not sustain these programs and this new spending, would that be so? To them I say look at the markets. Our interest rates are a full two and a quarter percentage points below the U.S. and the dollar is staying strong. When did that last happen? If we could not sustain this spending, would that be so?

As we begin to shed the mantle of heavy debt, our true colours are beginning to shine through. But let us not forget that for the parties of the right, not just the Reform Party but also the Conservative Party, we have not cut quickly enough. The Conservative leader demanded that we clean up the mess his government left behind. He wanted us to cut deeper. He wanted us to cut faster. But our government has taken a more balanced approach.

From the beginning, even as we cut many areas of government to meet our deficit targets, we invested what we could in key Canadian priorities. We cut our own government the most and we cut our transfers for social programs the least. As we gain greater fiscal freedom we are continuing to invest in those priorities.

With this, our fourth budget, we are continuing to invest in immediate jobs and growth. Jobs and growth have been our number one priority from the start; 790,000 new jobs since we started is nothing to sneeze at but it is not nearly enough.

We are extending the Canadian infrastructure works program which has created jobs for 100,000 Canadians.

• (1150)

We increased funding for youth employment, including doubling assistance for summer jobs. We are investing \$15 million per year more on promoting tourism. That is an investment that will help to draw people to the rugged rocks of Peggy's Cove and the beautiful beaches of Queensland and Hubbards.

We are continuing to invest in job creation and growth in the long run. We are establishing the Canada Foundation for Innovation, an \$800 million foundation to support research infrastructure especially in health, environment, science and engineering.

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In the short run, this means jobs for those who will design and build these new and expanding research facilities. It also means more jobs at universities and hospitals in places like Halifax. In the long run, the research this money supports is key to competing in the global race for jobs in the 21st century.

As we all know, a better education means a better job. We are helping students and their parents cope with the rising cost of education. We are improving the student loan system and enhancing the education credit. We are continuing to invest in a stronger society.

When we began, our indebtedness was threatening the very future of our social programs. Now we are investing \$300 million over the next three years to support key recommendations of the national forum on health. Now we are allocating \$600 million in new funds for the child tax benefit to reduce child poverty. Now we are allocating \$230 million over 3 years to assist Canadian with disabilities.

When we began, Canadians had to marshal a great national will to keep Canada from going broke, to secure our social programs and to make them sustainable. Now we need to begin to marshal that same will to build a Canada that works for everyone. Now we need to strengthen our society to make sure Canada can stride unshackled toward its destiny in the 21st century.

With this budget we turn the page. With this budget we take the first steps together on a great new journey.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I have a couple of questions for the member from Nova Scotia. He has accepted the premise of the budget about improving the economy and moving us forward. In particular, I want to talk about the children of the working poor, many of whom I know live in Nova Scotia and for whom Nova Scotians are looking to the member for representation.

This morning in a news conference in Ottawa on Parliament Hill, the federal New Democratic Party leader Alexa McDonough urged the federal government to reverse plans hidden in the budget from Tuesday that will cut benefits for some 288,000 children of working poor in this country.

She released some evidence, including copies of newspaper clippings from Toronto yesterday, that women living in the Toronto area were shocked to find out that they will get less money under the new program once it is brought into place than they were getting to date.

It is noted that the combined working income supplement and the child tax benefit for families with one child will be \$1,625 under the new proposal instead of the \$1,770 that they are getting today. This represents a 20 per cent cut in benefits for roughly 40 per cent of those estimated to be Canada's working poor families.

I want to ask the member whether he believes that this information is correct. If it is, would he work to help change the direction that is being taken by the government with regard to this part of the budget?

• (1155)

My second question deals with the lack of attention that the budget paid to the goods and services tax. The House had a major debate here over the harmonization of the GST for three of the four Atlantic provinces. I was not present to hear comments from the hon. member from the Halifax area with regard to the harmonization of the GST.

I see that the Senate is about to hold hearings in Atlantic Canada, something the House of Commons and the government chose not to do. Therefore I am wondering if the member would appear before the Senate committee touring Atlantic Canada and what he would say.

Mr. Regan: Mr. Speaker, I want to thank the member for The Battlefords—Meadow Lake for his question. I always enjoy hearing questions from this hon. member because he holds the seat that my grandfather, Jack Harrison, held many years ago and we have once in a while had exchanges in the House and it has always been a pleasure to discuss important issues with him.

Since I came to this House in 1993 I have worked, as have many of my colleagues, on issues relating to child poverty. It has been an issue of priority for me for many years, long before I came to this House, as some members will know.

When I hear the hon. member say that this is going to make people worse off, we have had a look at the numbers. The fact is no one will be worse off than they are under the present system. Here are the numbers, here are the facts. The maximum benefit will be increased from \$500 per family to \$605 for the first child, \$405 for the second child and \$330 for each additional child. Benefits will continue to be phased in based on family earned income over \$3,750, not a very high threshold, and reduced as family income exceeds \$20,921.

This is a very important measure in the right direction. We have to go on. I do not say this is enough. I do not begin to say that we are investing in this budget all that we need to do in the long run to solve the problem long term of child poverty, but we are beginning to see the light at the end of the tunnel. We are beginning to make a very important investment. We are showing that this is the direction we want to take on this important national challenge of fighting child poverty.

The member raised the question of the GST and the HST. The changes to the GST and HST in Nova Scotia are very important and very valuable in many ways. They are not perfect. I have never seen a change in taxation that was, unless it is actually eliminated.

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We would love to be able to do that. However, when we are paying \$42 billion—

The Deputy Speaker: I am sorry, but the hon. member's time has expired.

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, what is a budget, we may ask. It is a blueprint for action.

Over the past three years our budgets have served as a road map for Canadians, telling them what lies ahead and forging a path to the 21st century.

When we first received our map over three years ago the roads had been washed out in my opinion. We were heading down the road of economic destruction and social inequity. Nine years of failing to meet the targets by the Conservatives had taken their toll.

In 1993 Canadians gave this government their overwhelming support to draft a new economic road map. We set about restoring public confidence by providing good government and creating a climate for putting more Canadians back to work.

[*Translation*]

Our fourth budget is our latest contribution to turn around the nightmarish economic and fiscal situation inherited from the previous administration. In January 1994, the deficit was \$42 billion, and our debt load had jeopardized the future of our social measures. It is no wonder that so many Canadians lost hope. But four Liberal budgets have put us back on track.

[*English*]

We have made progress. Our fiscal policy of restraint in government spending and program review over three previous budgets is today showing tangible results.

Let us make no mistake. Jobs and growth as well as preserving our health and social programs have been a priority of this government from the very beginning.

• (1200)

Since coming into office, we have initiated a series of actions to stimulate immediate job creation. We have worked in collaboration with municipal and provincial governments, even Quebec, in an effort to improve the well-being of all Canadians. We took immediate action. We introduced the infrastructure program which was a success from coast to coast and, for that reason, we have decided to reintroduce it.

In my riding of Saint-Denis, one of the biggest infrastructure programs was launched to renovate Jarry Tennis Stadium and thereby ensure that the international tennis tournament remains in Montreal. In the case of my riding, I have seen tangible evidence of Canadian tax dollars working to improve the well-being of my constituents.

[*Translation*]

In 1996 alone, more than \$3.5 million has been invested in the riding of Saint-Denis by various ministers and state secretariats. With these subsidies, organizations were able to carry out many projects, bettering the lives of our fellow citizens and creating more than 50 permanent jobs and nearly 80 summer jobs.

Several non-governmental organizations, including La Jarnigoine literacy centre in Villeray and the recreational and educational and heritage activities association, have received federal subsidies. Moisson Montréal, and its affiliate Renaissance Montréal, were also able to further their objectives in providing the most disadvantaged with either food or clothing at a very low cost.

One of the priorities I set for myself when I ran in the last election was to ensure a better future for young people in Saint-Denis.

[*English*]

I agree wholeheartedly with the Minister of Finance who said in his budget speech this week: "Let us recognize that Canada's greatest natural resources do not lie buried deep in the ground but in the skills and talents of those who walk on it".

[*Translation*]

The youth employment strategy announced last week by the Minister of Human Resources Development will help young people achieve their goals by providing them with the necessary tools.

Some \$60 million of the amount earmarked in the 1996 budget was used to double the number of student summer jobs, which climbed to 60,000 in the summer of 1996.

[*English*]

New internship programs in partnership with the private sector will be put in place to allow young Canadians to gain work experience, a first job. How many times have we heard frustrated graduates say: "I have the degree, now if I could only get some job experience". We have given them that opportunity.

Total federal spending on youth employment programs, including Youth Services Canada, Youth Internship Canada and Student Connections, over three years, 1996 to 1999, will be about \$1 billion, a substantial commitment to Canada's future leaders.

[*Translation*]

Several organizations in the riding of Saint-Denis have already been able to hire under the summer career placement program, including the Coopérative fédérée du Québec, the Copains de Saint-Simon, Résidence Louvain and Cap du Collège de Bois-de-Boulogne.

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In addition, we have carried out in Saint-Denis four Youth Service Canada projects, providing employment for 63 young people.

[English]

I will mention two examples today, the first one is the Octave Cremazie project. Fifteen young people who had never had any opportunities are now working in cleaning the environment in one sector of my riding. The other example is the Park Extension Youth Organization. We gave these kids their first opportunity to work and have some experience in working with a team. It was the first time that it had ever been done in one of the poorest districts in all of Canada.

[Translation]

The Liberal government's fourth budget will also help students and their parents deal with the increased cost of higher education, through three important measures: the amount on which the education tax credit is based will be doubled, the student loans program will be improved by providing a longer payment period for students, and the ceiling on annual contributions to an educational savings plan will be doubled. Once all these measures are in place, they will increase by \$275 million per year tax assistance to students and their families.

I think this is good news to the students of Collège de Bois-de-Boulogne and throughout the province of Quebec. At a time when the unemployment rate for young people is close to 20 per cent in Quebec, it is inappropriate for provincial authorities to criticize any attempt by the federal government to improve the situation.

[English]

Small and medium size businesses with fewer than 15 employees account for approximately 42 per cent of all private sector employment. They have generated between 70 per cent and 80 per cent of all new jobs in Canada over the past three years. In Saint-Denis, small and medium size businesses dominate the industrial sector.

• (1205)

Last month I organized an information seminar for these entrepreneurs. Despite the snowstorm, nearly 100 business people were present. Many were impressed with the gamut of services which have been introduced by the Minister of Industry and by the Secretary of State for the Federal Office of Regional Development.

We often hear those same entrepreneurs complaining about the amount of paperwork they have to complete. The 1997 budget, along with the Minister of National Revenue, addressed these concerns. For example, the requirement to file monthly payroll deductions will be eliminated for small businesses with a perfect compliance record. They will now be permitted to file quarterly.

This measure has the potential of benefiting up to 650,000 small businesses.

In addition, the budget proposes to raise the ceiling on the Small Business Loans Act from \$12 billion to \$14 billion, providing additional borrowing assistance for fixed assets. Budgets are not just numbers. They speak of people's futures, their economic, social and mental well-being.

To illustrate the important role of government in people's lives I wish to quote a great Canadian born economist, John Kenneth Galbraith. He said: "There must be, most of all, an effective safety net—individual and family support—for those who live on the lower edges of the system or below. This is humanely essential. This is also necessary for human freedom. Nothing sets such stern limits on the liberty of the citizen as the total absence of money".

Let us not forget that 1997 is the international year for the eradication of poverty. We have made a commitment to that effect to the poor children and families of the country. The measures introduced in the budget are important steps toward this goal. But that is only the beginning. We must do more. We are now at the crossroads of our road map.

[Translation]

As of July 1998, the federal contribution for children will go up from \$5.1 billion to \$6 billion. The Canada child tax benefit will provide increased support to one million Canadian families, and their children.

The two levels of governments made a commitment to create a new national child tax benefit program, which would be based on the Canada child tax benefit.

We did our share and I hope the provinces, including the separatist government in Quebec, will do theirs, so that as much money as possible is available to reduce child poverty.

[English]

The road has been a difficult one. We can all attest to that. All members of the House, on both sides, felt the suffering and loss of hope which many families and young people have endured these past few years. We have made many difficult decisions in the past three years, but we had few choices. Thus we have strived once again with this budget to provide a road map which will better the quality of life of all Canadians as we approach a new millennium; a map which will lead us to eliminate social and economic inequalities, a map that guarantees educational and work opportunities for our youth—

The Deputy Speaker: I am sorry to interrupt the hon. member but her time has expired.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, thank you for the opportunity to make a comment and also to put a question to the hon. member for Saint-Denis.

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She stated that measures in the budget are important. I certainly understand that comment and the arguments she has made to support that position.

The question I would like to ask the hon. member relates to a motion which was passed in the House of Commons on December 11, 1995, which gave some direction to the House. Has the government or she as a member of the Liberal government taken that motion into consideration in terms of support for the measures that are strong in this budget.

Just to remind the House, the wording of the resolution was:

Whereas the people of Quebec have expressed the desire for recognition of Quebec's distinct society:

(2) the House recognize that Quebec's distinct society includes its French-speaking majority, unique culture and civil law traditions;

(3) the House undertake to be guided by this reality;

That is the operative part and the direction to this House and the item I would like the hon. member to comment on.

Third, I would like her to comment on this portion as well:

—the House encourage all components of the legislative... branches of government to take note of this recognition and be guided in their conduct accordingly.

• (1210)

Are we being guided?

The Prime Minister reinforced the direction to this House by saying: "Once it is passed this resolution will have an impact on how legislation is passed in the House of Commons". I would think that should apply to budgets as well. "I remind Canadians that the legislative branch will be bound by this resolution, as will be the executive branch. This is a real dynamic recognition recorded in the very heart of our country's government".

Today in an earlier ruling by the Speaker it was felt that this procedure did not have significance.

There was a directive of the House. We are talking about the budget of the country which is the framework on which many other decisions are made. Does the motion we passed, supported wholeheartedly by the government, have any affect on the budget?

Mrs. Bakopanos: Mr. Speaker, I thank the hon. member for his question. On this side of the House we make no distinction between different parts of the country. As far as we are concerned the budget is for all Canadians. The same measures apply across the country.

As I said at the end of my speech, we want to ensure that all Canadians are treated equally by the government. Throughout our three-year mandate we have addressed areas where there are inequities.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, this question is a follow-up to my question to the member from Halifax. It is with regard to the working income supplement and the child tax benefit for families. I believe the member who just spoke heard what I had to say on that issue.

The National Council of Welfare has concluded that the child tax benefit will actually cost tens of thousands of families with one child more than \$500 over two years. Yesterday the finance minister told the Toronto *Star* that families with one child will receive less money from Ottawa, and the member for Elgin—Norfolk also told the Toronto *Star* yesterday that he is not happy with this situation and that he would try to get it fixed.

Last year the budget set out a scheme for providing additional funds to families of the working poor. This budget has changed that formula dramatically and has cancelled the increase for families from last year. Because it is now child based rather than family based, it will result in a 20 per cent cut in benefits to 288,000 poor children or roughly 40 per cent of the poor living in Canada.

Will the member for Saint-Denis also work to correct this deficiency in the system?

Mrs. Bakopanos: Mr. Speaker, I thank the hon. member for his question but I will repeat what other hon. members have said.

These budget measures will result in all children being better off than they were three years ago. I find it kind of unusual that the hon. member is not applauding some of the efforts outlined in the budget.

The NDP should be applauding some of the measures that have been introduced. They are measures to ensure a better future for Canada's children.

[*Translation*]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, this fourth budget brought down last Tuesday in the House by the Minister of Finance is election minded and centralist.

It is centralist because the areas it addresses are all, without exception, provincial in jurisdiction: literacy, tax benefits for children, tourism, higher education, students, the disabled, health and medical expenses.

It is election minded because it consists of a scattering of timid measures and a few million dollars tossed out to attract groups that are generally anti-Liberal.

Let us take the example of tourism, in which they will invest \$15 million annually. As Alain Dubuc pointed out yesterday morning in the editorial in *La Presse*, the interest alone on the federal debt is over \$125 million daily.

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• (1215)

Seventy million dollars will be spent this year on the child tax benefit, less than the cost of servicing the debt for 17 hours, corresponding to 53 cents per child per week. There will be a 10 cent reduction in UI premiums for every \$100 of insurable earnings.

In addition, the Farm Credit Corporation will receive \$50 million to support diversification in rural Canada, and \$10 million in funding will be provided to help connect rural areas to the new information highway.

You will observe that all these areas come under provincial jurisdiction or are areas in which Quebec has been trying to defend its jurisdiction for years, with no success, given Liberal policy.

The Liberals' strategy could not be clearer. After cutting transfers to the provinces by several billion dollars and forcing them to struggle with increased deficits and, in the case of Quebec, to manage downsizing in education and health, with all that that represents in terms of management of collective agreements and workforce reduction, the federal government is tossing a few scraps the way of the provinces to increase its visibility in the months leading up to the election.

This budget is Machiavellian, because it leaves the dirty work of cutting back program spending to the provinces. Because, year after year, the federal government has dipped into the \$5 billion surplus in the unemployment insurance fund, deficit reduction is also supported by employers, for whom it is a sort of payroll tax in disguise, and by the workers, for whom it represents a hindrance to employment. The unemployed who are still searching for employment are 1.5 million strong, and there are another 1.5 million who are no longer in the unemployment statistics, having given up hope of finding a job.

The tax burden has increased by \$22 billion in four years. Over that time, expenditures have decreased by \$14 billion, over half of that the result of decreased transfer payments to the provinces.

The Minister of Finance is concealing his true margin of manoeuvrability from us. It is impossible for his deficit to decrease by only \$2 billion next year, when it has already gone down close to \$10 billion this year. The minister is hiding several billion dollars up his sleeve, just for the purpose of justifying his approach to cutting the deficit.

There is nothing for employment, nothing for the battle against poverty. The government will earmark \$800 million for the creation of a Canadian foundation for innovation. As if by chance, this amount of \$800 million comes from transfer payments to the provinces, which are precisely \$800 million less than what was forecast for 1997-98 in the 1996 budget, essentially due to an improved economic situation.

This foundation duplicates services already provided by the provinces. Creating a new foundation instead of reinforcing existing research bodies would give the Liberals a chance to put in their own people, people who will act as a kind of liaison in connection with future appointments and fundraising for the Liberal campaign, now the election is only months away.

There is no provision for compensating the Quebec government for harmonizing the GST in 1991, while the maritimes will be entitled to \$1 billion in return for doing what Quebec did six years ago, without any compensation at all.

The minister is reactivating some good news that were announced a few months ago, and prefers to remain silent on the cuts that will kick in this year and were included in last year's budget.

Instead of reducing duplication and overlap, the federal government increases these as well as the inefficiencies for which it has been criticized by the Bloc Quebecois for the past four years. However, there may well be no more duplication and overlap in the future.

• (1220)

As transfers to the provinces are reduced, the provinces will have to hand over entire components of their mission to the federal government. That is not how the provinces and Quebec taxpayers would like to see duplication and overlap eliminated.

The 1997 budget elbows the provinces aside even more, so there will be more programs flaunting the maple leaf. What matters most to the government on the eve of an election is the visibility of the maple leaf on printed matter sent to Quebec and Canadian households between now and June 9, and the government is even happier if this mailing perhaps includes a cheque.

Notwithstanding the increase in tax revenues over the past four years, the reduction in transfer payments to the provinces and the appropriation of the unemployment insurance fund, the minister does not expect his deficit to drop by more than \$2 billion next year. The minister therefore retains considerable flexibility, and the measures to deal with unemployment and poverty are minimal, compared with the actual spending capacity of the federal treasury. They could even forecast a zero deficit for the year 2000 or even 1999.

The Bloc Quebecois estimates that today, the Minister of Finance has about \$8 billion to use as he sees fit. The minister is a year ahead of schedule in his fight against the deficit. If he refuses to disclose the real numbers, it is because he wants to prevent any action by the provinces, community groups and unions which would certainly ask him to refinance social transfers to the provinces.

If we look at how the budget has changed in the past four years, we see that 52 per cent of the \$14.2 billion reduction in federal government spending involves transfers to other levels of government, primarily the provinces. Only 21.1 per cent, or one dollar in

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every five, of this reduction comes from direct government expenditures.

The Minister of Finance says he did not raise taxes in his 1997 budget. Since the Liberals have been in power, personal income taxes have continued to increase and at a rate greater than the GDP year in and year out. This increase in the personal tax burden especially on the middle class is not the result of a review of the tax system aimed at improving tax equity. Not at all. It is the result of several subtle increases, such as the non indexation of the tax and tax credit tables, causing individual income tax to rise every year in Canada.

The minister talks of an improvement in the child tax benefit, which will not have a real impact until 1998, thus after the election. Will the Liberals give the child tax benefit the same treatment they gave the promises on the national child care system they promised in the last election?

After impoverishing their parents through massive cuts to social transfers and unemployment insurance, will the Liberal government in a gesture of cynicism ease the lives of the children of these families?

Family policy and the fight against poverty are provincial matters. The continued and even expanded federal intrusion into areas of provincial jurisdiction is not acceptable and hampers the implementation of coherent policy in Quebec. While ministers Harel and Marois in Quebec are struggling to find the millions required to help children, families and the jobless, the federal finance minister is trying to develop a family policy, an area that does not come under the responsibility of the federal government and for which it does not have the necessary expertise, since this has traditionally been a provincial jurisdiction, in Quebec and in the other provinces.

Looking at this cynical and centralizing budget, one stops wondering why a majority of Quebecers long for a sovereign Quebec. It is to finally be free from this perpetual state of confusion where the level of government that controls the purse strings does not know what the needs are and does not have the human resources to serve a public which is, at any rate, far away.

Leading anti-poverty organizations estimate that at least \$2 billion more would be required every year to put up a serious fight against poverty. But starting in 1998, the government will be spending only \$850 million per year on the fight against poverty. This is therefore not nearly enough, especially since the federal government has considerably impoverished the provinces.

• (1225)

It has been announced that unemployment insurance premiums will be reduced by 10 cents starting January 1, 1998. This is an

announcement that is normally made in November. Knowing him as we do, we can expect the Minister of Finance to announce this good news twice. In addition, this reduction is much smaller than what employers' associations have asked for and what it should have been, given the huge surpluses in the unemployment insurance fund.

The Bloc Québécois asks that the government substantially reduce UI premium rates and improve the employment insurance program, which has become too restrictive and is, unfortunately, forcing onto welfare people who, as job seekers, should continue to receive benefits.

The accumulated surplus is large enough to allow eligibility rules to be relaxed and the premium rates to be reduced even further. Any annual surplus is a hidden tax paid by employers and employees. A 10 cent reduction of the 1998 premium amounts to \$700 million. With a \$5 billion surplus forecast for 1998, it should be possible to reduce the premium rate by 70 cents. The \$15 billion surplus accumulated by the end of 1998 should even translate into a tax break, since it is in fact an employment tax of \$2.10 for one year.

One can see the feeble attempt made by the Minister of Finance to help job creation. The minister claims that serious studies estimate at somewhere between \$10 billion and \$15 billion the reserve required to prevent another recession. Just look at what will happen when the next recession occurs. Since the reserve is already being used to reduce the deficit, the minister will suddenly and drastically increase the premium rate, because the reserve will have disappeared.

In November, the Bloc Québécois released a comprehensive study on corporate taxation, so as to make an honest and objective contribution to the debate and to provide suggestions to the minister, who is often bereft of ideas.

Today, it is obvious that the 1997 Estimates include no changes to corporate taxes. There is no tax measure to promote job creation. The minister is clearly showing that he did not want to change the corporate tax system to promote employment. The minister's inaction regarding the corporate tax issue reflects his inability to adjust to the current economic context and to make job creation his top priority.

In conclusion, I feel the minister has turned a deaf ear to the Bloc Québécois' recommendations regarding obsolete tax deductions for business. Obsolete tax shelters and deductions should be replaced by a tax system designed to promote employment. But nothing of the sort was done. The Bloc Québécois suggested using up to \$3 billion in ineffective tax deductions to create jobs instead.

Given the current economic context, job creation should be the main thrust of the corporate tax policy. However, under the budget,

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corporate tax revenues will only fluctuate by \$205 million, of which \$175 million is the result of a mere accounting exercise.

The only other measure affecting corporate taxation is the decision to extend the temporary tax on large deposit taking institutions. This represents \$25 million. Given the sky-high profits made by Canada's major banks, it is a very small contribution on their part to the community's well-being.

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, we, in this House, have spent the last three years listening to myths being spread by Bloc Quebecois members and their PQ friends in Quebec. The first such myth is that Quebec is not getting its fair share from the Canadian government. This is a myth which Bloc members continue to spread, with the help of their friends.

The facts are undeniable: year after year, Quebecers receive more than they contribute in federal taxes. As for equalization payments, they receive 42 per cent of the total amount. I hope that some day Quebecers will be told the truth.

• (1230)

My question to the Bloc member is this: Why is the Quebec government, which is also my government, unable to balance its debts or, to be more specific, unable to reduce its deficit, like other provincial governments have done? Indeed, other provincial governments have implemented changes. Mr. Klein even announced a surplus.

I find it sad that the object of the hon. member's whole speech is to blame the federal government. These are myths, and we must say so. We have a responsibility to Canadians and to Quebecers, but so does the provincial government. We have taken action because the Quebec government did not act to eliminate poverty among Quebec children, women and families.

I would like to know what the Bloc has done to help the provincial government achieve its goals.

Mr. Bélisle: Mr. Speaker, I thank the member for Saint-Denis for her question. My colleague spoke of myths. She said we were perpetuating myths. I would like to tell her that the biggest myth circulating in Quebec and in Canada is the one about centralizing federalism as practised in Canada for the last 30 years, during 20 of which the Liberals were in power. That is the biggest myth.

The Government of Quebec is having difficulties because the federal government is offloading its deficit onto the backs of the provinces.

Let us take the example of research and development. Over the last ten years or so, Quebec has received approximately 17 per cent of federal research and development grants, while the neighbouring province of Ontario has received 50 per cent. Historically, the

federal government has always put less money into economy building measures.

What Quebecers want is not just transfer payments to help subsidize welfare and assistance to the less fortunate members of society. What they want from the federal government is spending that will have an impact on the economy, such as Ontario has seen for ten years or so. Historically, Quebec has never received its fair share.

When there are massive cuts by the federal government in transfer payments, such as we are now experiencing, Quebec is more severely affected than Ontario or other provinces. The federal government has not put money where it would have allowed Quebec to have proportionately fewer people living in poverty. When this kind of spending is cut, people are hard hit.

Finally, the flexible federalism, the decentralized federalism we keep hearing about from the Prime Minister and the federal government is always based on a double standard. If this is the kind of distinct society the Liberal government wants to talk to us about, we are not interested.

Take the case of the GST. The maritimes received \$1 billion in compensation for harmonizing with the GST. Quebec did the same thing in 1991 without a cent of compensation, when it should have received approximately \$1.9 billion. If that is what they mean by distinct society, treating Quebec differently where taxes are involved, I can understand that Quebecers are increasingly considering sovereignty.

I would also like to tell the member for Saint-Denis that what the Bloc Quebecois most dislikes about the Minister of Finance's budget is its scattershot approach. The amounts involved are small, a few million dollars, and they have been ladled out all over the place. Rather than watering down the impact of the \$1 billion available in the 1997 budget, why did they not target one or two specific areas in order to produce a bigger bang in terms of jobs and wealth?

Mrs. Bakopanos: Mr. Speaker, as I said before, there are myths and myths. When a government spends taxpayers' money on political propaganda, there is less money left to invest in helping young people and the poor.

Mr. Loubier: Oh, oh.

Mrs. Bakopanos: It is true. But I have another question for my colleague. As I said before, what does the provincial government intend to do to balance its books? Taxes cannot absorb everything. I pay a lot of income tax in Quebec.

• (1235)

Mr. Bélisle: Mr. Speaker, I want to thank the hon. member for Saint-Denis for her question.

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Speaking of propaganda, I hardly think we can criticize the Government of Quebec, when we consider the 23 million flags distributed by the Minister of Canadian Heritage.

The hon. member for Saint-Denis asked me how the Quebec government will balance its books at the end of the current fiscal year and in the years to come, to help the disadvantaged. Well, it will not be easy. The Quebec cabinet is involved in a series of complex accounting exercises. They may have to renegotiate collective agreements with unions in the public and parapublic sector, and that will not be easy.

Now, if the federal government were to send, as soon as possible, a first instalment on the \$1.9 billion the federal government owes Quebec for harmonizing the GST with its provincial sales tax, that would be a good start.

If the federal government then sent another cheque as a first instalment on the \$2 billion in transfer payments that were cut in the case of Quebec, over the past few years, we would be well on our way to balancing the budget, and we could go ahead and give people additional protection.

As I said before, historically, the percentage of disadvantaged people and poor people has always been higher in Quebec, because the federal government never did the kind of strategic spending it did in Ontario and the other provinces.

What Quebecers want is research and development and investment in technology.

Mrs. Bakopanos: They want political stability too.

Mr. Bélisle: We have had more than enough welfare, social assistance and unemployment.

Mrs. Bakopanos: Mr. Speaker, I am very proud I was elected in Quebec. I am a Quebecer and a Canadian. I want to say this because some hon. members do not believe me, but the Liberals also defend the interests of Quebecers.

The hon. member said it was always the federal government's fault. Another myth that our separatist friends have perpetuated.

By the way, he did not answer to my question. "It is the federal government's fault again", is something we have heard in Quebec for years. I want my provincial government to take steps to ensure that with the co-operation of the federal government we can improve the lives of all people, especially the people in the riding of Saint-Denis, and we do that by providing political stability.

Mr. Bélisle: Mr. Speaker, I have the following comment for the hon. member for Saint-Denis. Will the hon. member promise, on behalf of her government, that the federal government will stop reducing transfer payments once and for all? Could she promise, on

behalf of her government, that these cuts will be stopped once and for all?

The government is trying to balance its public finances, and this is not easy. I think it will manage. There is a budget plan. At the summit last year, there was an agreement with employer associations and unions in Quebec. There was a consensus to the effect that Quebec's budget would be balanced by March 31, 2000. I think we are on the right track.

However, if the federal government keeps reducing historic transfer payments to Quebec, it will be well nigh impossible.

[English]

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, I will be sharing my time with the member for Vancouver South.

It is a pleasure to rise today to speak in response to the budget speech. I would first like to congratulate the minister and all the assistants who laid the foundation for this budget. It was a job well done. I think it has been well received across the country.

When I consider all the nuances of the budget, it is the human component that to me is the most significant. Addressing child poverty, support for the disabled, youth employment initiatives, health care reform and pension adjustments are just a few. It is my wish today to discuss post-secondary education as the focus of my comments.

• (1240)

We live in a world where knowledge and education are the keys to long term industrial success. They ensure that a country's industries can apply innovation to seize new opportunities in global markets and they provide workers with the skills employers need.

The number clearly indicate this. In Manitoba, my home province, in 1995 only 4.8 per cent of students who dropped out of high school have found jobs, compared to 71.9 per cent who stayed in school, graduated and found employment.

Post-secondary graduates fared even better. About 80 per cent of Manitobans with a post-secondary certificate or diploma or university degree were actively involved in the labour force. This pattern is virtually the same across the country.

It is for this reason that the government has increased federal support for post-secondary education by \$137 million in 1997, reaching \$275 million annually when the changes have all matured.

This funding is targeted to provide assistance for students and their families, including workers upgrading their skills to help them cope with the rising costs of post-secondary education, students facing higher debt loads after graduation, and parents saving for their children's educational future.

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I should note that these issues build on the \$80 million increase in direct federal tax assistance for post-secondary education that was provided in the budget one year ago and they are complemented by the creation of the Canada Foundation for Innovation which will ensure that post-secondary students have access to better facilities and equipment to prepare for the knowledge based economy of the 21st century. For this the government is making up front investments of \$800 million.

I will get to the foundation in a moment, but first let me discuss the government's plans to increase access to higher education.

Specifically, the budget proposes several measures. First, the amount used to establish the education credit will immediately rise to \$150 per month from \$100 and to \$200 per month for 1998 and subsequent years.

As tuition fees increase, the amount of assistance provided by the tuition fee credit increases automatically. However, as a parent of three daughters who are all attending university, and as an aside all three were in university in one academic year, I know that students also have to pay a number of mandatory fees on top of their tuition. The budget proposes to extend the tuition tax credit to cover additional mandatory fees imposed by universities to cover these costs of higher education.

Second, students or their parents may not have enough tax payable in a given year to fully benefit from the tuition and education credits. To ensure that all students can use those credits fully, students will now be able to carry forward all unused portions of these credits to be applied against any future income.

At a time when university and college classrooms are filled with more and more mature students, it is important to note that this measure will also benefit workers who have decided to return to school after a short period in the workforce.

To demonstrate the effect of these budget measures I will give a simple example. By 1998 a student in full time attendance at a post-secondary institution faced with tuition fees of \$2,800 and an additional fee of \$300 will receive over \$1,200 in combined federal and provincial tax assistance per year. This is no small amount. In fact, it represents an increase of more than 30 per cent from the \$900 of assistance available to the student in 1995.

The 1997 budget also announced an important change to the Canada student loans program. Students are expected to start repaying their loan six months after graduation. But students facing hardship are allowed to defer making payments on these loans for up to 18 months. The federal government pays the interest accruing on the student loan during this period.

Recently a coalition of groups representing the post-secondary educational community agreed that while this system provides

considerable help, changes needed to be made and they issued a proposal which pointed out among other things that some students are unfortunately left unable to meet these obligations. I supported this coalition in their call for change, as did other members of Parliament.

• (1245)

It is clear today that our government listened to what Canadians were telling it and subsequently agreed. As a result, the budget proposed to extend to 30 months from 18 months the period of time during which students are allowed to defer making payments. Combined with the initial six months after graduation when no payments are required, this means that students will have up to three years to deal with their financial debt load. This measure will come into effect on August 1, 1997. It is projected that it will provide an additional \$20 million a year in assistance to students.

In addition, the federal government is ready to pursue with interested provinces, lenders and other groups a new repayment option that would offer students another choice. Students would be able to choose between current repayment arrangements and an income contingent repayment schedule. By tailoring payments to individual circumstances, the debt would be made more manageable.

We are also acting to improve incentives for parents to save for their children's education. Parents with young children are increasingly worried about whether or not they will be able to afford the rising costs of their children's education.

Registered education savings plans, or RESPs, exist to provide parents with incentives to save for their children's education. The full benefits of these tax sheltered plans are reaped by parents who start saving when their children are quite young.

The budget proposes that annual contribution limits to RESPs be doubled to \$4,000. This will assist parents who are not able to start saving for their children's education when they are young and therefore have fewer years to make contributions.

Under RESP provisions, all RESP income must go for educational purposes and the family loses the investment income in the plan if the child does not pursue post-secondary education. Since this can discourage parents from starting an RESP, two measures are proposed to address this problem.

Individuals winding up an RESP will now be allowed to transfer all or part of this deferred income to RRSPs, provided they still have room in their RRSP accounts. Alternatively, individuals without available RRSP room or who do not wish to make RRSP contributions will be allowed to receive investment income directly, subject to an appropriate charge. This charge will ensure that assistance is not provided to those who might use RESPs for tax

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shelter purposes which are unrelated to either education or retirement savings.

The government is proposing the creation of the Canada foundation for innovation. I would suggest that this is perhaps the crown jewel in educational opportunities in this country. This new independent body, operating at arm's length from the government, is designed to help renew facilities and equipment, research infrastructure if you will, at Canadian post-secondary institutions associated with research institutions and hospitals.

Through this foundation we are saying to our young students that we want them to pursue their research career here in Canada. It is important for us to have a workforce with the capacity to put new technologies into practice. People who understand developments in science and technology are indispensable.

The foundation will help support innovative capital projects in the areas of health, the environment, science and engineering. Funded through an up front investment of \$800 million by the federal government, it will provide an annual average of \$180 million over the next five years. It will operate on the basis of partnerships with the private sector, universities and colleges, volunteer organizations and provinces to the extent they wish to participate.

In closing, I quote the hon. Minister of Finance who in his speech said: "What government does with scarce resources shows what its values are—"

The Deputy Speaker: I am sorry to interrupt the hon. member but his time has expired.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I appreciate the words of the hon. member from Manitoba. I have enjoyed listening to him over the past three years. He has made great commitments on behalf of the people he represents. Therefore, I am a bit surprised that he has so gullibly jumped into the rhetoric of the finance minister on the budget.

• (1250)

The member comes from a constituency that relies on the rural sector for its buoyant economy. This budget had very little to offer to people who live in rural Canada, particularly those areas that were affected by cutbacks to the western grain transportation program of previous budgets of this government.

In previous budgets there was \$720 million a year cut from farmers' pockets for transporting grain to port so that Canada can sell it into the lucrative export market. In those previous budgets which took that \$720 million from transportation and ultimately from farmers' pockets, we were told at the time that value added

production would return benefits to rural Canada and would therefore create jobs.

Value added production since that time has not increased dramatically. While there have been some gains made in Winnipeg, Saskatoon and Regina, there have been virtually no gains made in small town western Canada. This budget should have acknowledged the greater need for value added production in rural Canada giving the opportunity for a number of the young unemployed individuals throughout Canada, many of whom the member talked about in his remarks, the opportunity to gain some income to proceed with their post-secondary education.

My question for the member for Brandon—Souris is quite simple: Will he work to assist young people in rural Canada to generate the type of economic activity that is necessary in the Cut Knives, the North Battlefords, the Kindersleys and Brandons of the world and ensure that the government supports their efforts through a value added production type of programming?

Mr. McKinnon: Mr. Speaker, I thank my colleague for his question. It is relevant to a member from southwestern Manitoba.

We have had a number of initiatives under way in Manitoba since the WGTA changes took place. We have probably had the most diversified investments occurring throughout the prairies in terms of our region and in terms of crop diversification.

We had numerous investments put in place of technologies that are going to lead to an increased economy. Working through our rural caucus colleagues here in Ottawa we have been able to spur debate, discussion and interest in investment. Might I comment that Manitoba has had more investment money coming in since the WGTA changes than any other region of the country. As it pertains to post-secondary education which was the essence of my discussion, it is going to allow more young Manitobans to stay in our region, live in our region, invest in our region and make a substantial contribution to the nation.

The Deputy Speaker: There is only 49 seconds left. Sharing 49 seconds gets a little difficult.

Mr. McKinnon: I should have spoken a little longer.

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, I am very happy to speak on the budget today. It is an excellent budget. There are a couple of very important ingredients in the budget. Generally it is a balanced budget, it is a responsible budget and it is a compassionate budget. Let me state why those three things are very important for us on the government side.

The budget had to be balanced because we want to ensure that the actions we have taken on the deficit do not take away from the future. I know some people have said that they want to get rid of the deficit in three years but we have said right from the beginning that

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our approach in dealing with the deficit would be balanced and reasonable and that we would deal with it in a compassionate and responsible way.

• (1255)

When we became the government there was a \$42 billion deficit, a problem which many said was very difficult to deal with. During the first radio show I did after the election Bill Good asked me if the government was really going to deal with the deficit. I said that absolutely, we were going to deal with it because it was important for the future of the country, but that we were going to do it in a responsible way.

In the last election campaign we set specific targets and said that we were going to meet those targets. In the last four budgets we have met all the targets; in fact, we have done better than meeting the targets. It was very important to meet every one of our targets because it sent the very strong message to the international financial community that we were serious about dealing with the deficit.

Some of the Reform members are trying to take credit for our actions on the deficit but during election time we set specific targets, not because of the Reform Party but because we felt it was important to deal with it. Those targets have been met and as the minister stated in the last budget, we will be at least \$5 billion below our target of \$24 billion.

It was very important to meet our targets for a number of reasons. Because of the confidence we have established in the international community, the dollar stabilized. Interest rates are unprecedented; I cannot remember the last time Canadian interest rates were below American interest rates. Our interest rates are presently more than two and a half per cent below the American interest rates. In the past it has always been the reverse, where the American interest rates were two to two and a half per cent below the Canadian interest rates.

This is what will create jobs. Opposition members have asked, what about jobs? Low interest rates create jobs, investment and confidence. Interest rates play a major role in the investment decisions of small and medium size businesses. If someone wants to construct a new building, for example, a new hotel or a new factory, interest rates will play a very important role in determining if that investment will go ahead. Canadians buying homes have to look at what the interest rates are. Interest rates can affect their choice of a home because of their influence on monthly mortgage payments. When Canadians buy cars, the interest rate is an important factor which determines whether or not they can afford to buy a car.

We have one of the lowest inflation rates of the G-7 countries. This will ensure the maintenance of low interest rates.

All these things, dealing with the deficit, meeting our targets, having credibility in the financial markets, have led to lower interest rates, lower inflation rates and a greater confidence in the economy. It is so much so that economists are predicting Canada will have the best growth figures in the next medium term compared to other G-7 countries. It was not any easy task and all Canadians know that. It was a difficult task to achieve what we have today.

The attitude of the government and the finance minister was to look at government from the bottom up. We did not just say that to deal with the deficit we were going to cut everybody by a certain percentage. As a government we said that we wanted to review all programs starting from the bottom up. We said that we wanted to get rid of those programs that were no longer relevant to Canadians. We said that we wanted to get rid of those crown corporations that were no longer relevant to Canadians. We looked at how we could turn those services that could be provided more efficiently and effectively by private industry, municipal governments and provincial governments over to them.

Canadians have said to us that they want a government that is efficient, that they want less duplication and less waste. That is another area we looked at in terms of saving money and dealing with the deficit. We asked: Where is there waste in government? Where are there inefficiencies? How can we do it better? This was the basic view we took in trying to deal with the deficit and in trying to re-engineer government to meet the 21st century, to move forward into the next century where we could have a government structure that could be with us for a long time. It was not an easy task. It was a difficult task, but that is what we have done.

• (1300)

We also understood that there are investments to be made in this country so that we could be competitive in the rest of the world, that Canadian products could be sold. The reality is there is globalization. We have to compete on the international market. Canada is a trading nation.

We understood, for example, that infrastructure is very important to be competitive around the world. If we have road systems, ports, airports that are efficient we will be more competitive. If we have a communications system that is efficient and responsive we will be able to be more competitive in the rest of the world. If we have ports that can ship products very efficiently it helps the business community because it is more efficient and much more cost effective. We understood that. That is why we had an infrastructure program to ensure that we maintain the infrastructure and improve it for the coming century.

We also recognized that research and development is very important. Any country that does not do research and development falls behind. So in this budget we have said that there will be \$800 million in the Canada Foundation for Innovation, \$800 million

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toward research and development which, by the way, will be administered by the private sector. It will determine where it is most advantageous for Canadians to spend that money.

We also understand how important trade is for Canada. That is why we have the Prime Minister's Team Canada missions where he has travelled to the Asia-Pacific, to South America and other regions to tell other countries that Canada is ready for business. Canada has the expertise. It has the skills. It has the products to deliver to people around the world.

I can say having the opportunity to travel and meet many leaders around the world that other countries want to do business with Canada. They know the type of products that we can provide. They know the skills, the efficiencies and the quality of the products which Canada provides in goods and services. They have all said "We want to see Canada at the table. We want them to be there because we are confident in the services and products they provide".

We understand how education is so very important for Canadians. That is why we have made it easier for students to pay back their loans, to give them more time and not to have to pay back their loans in the first six months but over 30 months to give students that leeway.

As well, we have said we want to encourage people to invest in education. That is why the registered education savings plan has been doubled from \$2,000 a year to \$4,000 a year to encourage Canadians to invest in education and invest in their children.

We recognize that truly children are our future. I am proud of the government's work on child poverty where we have invested in children. We are making sure that we help those children of the working poor. That is the recognition of a country with true compassion that cares for those people who are less fortunate.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, as you might know, I will not be seeking office in the upcoming election. Therefore today I am definitely giving my last speech as an MP in the House in reaction to a government budget.

Let me start my comments with a brief assessment of the budgetary policy of the government during the last three years.

The \$42 billion deficit in 1993 required urgent and decisive action. This view was shared by most Canadians and it produced the historic electoral success of the Reform Party which ran on the platform of fiscal responsibility. There are a number of indications suggesting that in 1993 neither the Liberal Party nor the finance minister fully appreciated the severity of the country's fiscal crisis. For this reason the first budget in 1994 reflected the belief that Canada would grow out of the crisis if we just reined in the growth in spending.

• (1305)

The 1995 budget showed that reality had finally mugged the minister and his party. I take pride in my and my colleagues' contribution to driving home the fundamental truth about the effects of compounding interest and the risks associated with threats to the value of Canadian bonds caused by growing debt to GDP ratios.

Pressed in addition by high interest rates, warnings by Moody's about the downgrading of the debt and slow economic growth, the government bit the bullet and announced substantial cuts to program spending and some relatively small but still substantial tax increases.

The minister deserved the positive reaction to his historic budget given by the financial markets and the Canadian public. I praised the minister for having lowered program spending in absolute dollar values for the first time in post-war history.

I still believe that this praise was deserved. The 1996 budget contained no substantial further cuts or tax changes. All the politically difficult decisions had been made and embedded in the 1995 budget.

During the last two years, economic development largely outside the control of government favoured the Liberals and their budgetary goals. Economic growth remained moderately high simply because the country enjoyed a cyclical upturn.

The growth was driven largely by strong exports to the United States, which were fed in turn by a strong U.S. expansion and a low dollar. Most important, interest rates in the U.S. trended downward.

These fortunate exogenous developments produced better than expected increases in revenue, along with decreases in interest costs. As a result, the interest rate spread on short to medium term bonds between Canada and the United States moved in favour of Canada and resulted in even more moderate, positive effects on the fiscal balance.

In light of the much better than expected and very fortuitous improvements in the deficit, a large and vocal faction of the Liberal caucus began agitating for a resumption of the party's traditional policy of spending to buy votes for the next election, though of course they always describe these spending programs as providing compassionate aid to the unemployed and needy.

When the 1997 budget was revealed this week I, the financial community and in my view most Canadians were pleased to find out that the Minister of Finance increased spending and reduced taxes only by a relatively small \$1 billion.

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With most of the big increases coming a year or two in the future, he has stayed the course of fiscal restraint in this election year and stared down his spendthrift colleagues in the party.

Moreover, the spending increases he made were not of the traditional make work, pork barrel variety but, with some exception, involved projects that have a high probability of bringing good social and economic returns.

Ironically, the basic pattern of the Liberal budgetary policy is almost identical to what Reform had promised to do in its zero in three election platform in 1993. However, there are several major differences.

First, the cuts have not been fast and incisive enough. As a result, in the 1997-98 fiscal year the deficit will still be \$16 billion or nearly \$1.5 billion a month. This level of deficit may seem low by historic and some international standards but by any other standards it is still outrageously large. I repeat, we are adding to the debt \$1.5 billion every month. Divide that by 30 and you get \$50 million a day.

An important consequence of this continued deficit is that it exposes Canada to the risk of backslide should there be a turnaround in economic fortunes like a rise in interest rates and lower economic growth. Both these events are certain to take place in the future.

For the sake of Canadians, let us hope that the economic environment remains benign for several more years.

• (1310)

Also, because improvements in the fiscal balance have been so slow, the debt is well over \$600 billion and there are no plans for paying it down. Very soon Canada's problem will not be the deficit but the debt, if it is not already so.

Interest payments on the debt of \$46 billion nearly equal what the government spends on elderly benefits, OAS and others, employment insurance, formerly known as unemployment insurance, and social transfers to the provinces combined. Let me repeat this. The sins of the past decade, including the last three years, have resulted in an outcome whereby the cost of servicing the result of those sins takes up the same amount of money as our very generous and expensive program of old age security benefits, now called the elderly program, unemployment insurance and the social transfers for health, higher education and welfare. This is truly an astounding number.

When interest rates go up again, the problem will be even worse. Only debt repayment can end this regretful state of affairs.

The media has finally picked up on one of my main themes in past comments on the budget. Two-thirds of the improvement in

the fiscal balance was achieved by increased tax revenues mostly through bracket creep, partly through tax rate increases and some through the growth of population and wealth. Only one-third of the fiscal improvement has been due to cuts in program spending.

Unfortunately half of these cuts involved downloading of the adjustment burden on the provinces which in turn have cut funds for health care, higher education and welfare. Only a meagre 35 per cent of the reduction on program spending involved cuts to the size of the federal government, the departments which provide subsidies to business, regions and special interest groups which offer services which duplicate and overlap those delivered by the provinces.

Finally, I was very disappointed that the budget did not start the most fundamental debate that Canadians will have to face in the future. Assuming that economic conditions continue favourably and that the deficit will be eliminated in the year 2000 or so, the debate will be over the use of future dividends.

Canada faces three choices. The fiscal dividend can be used to lower taxes and gradually produce a smaller government. Alternatively, it can be used to pay down the debt and start a virtuous cycle of growing fiscal surpluses which in turn can be used for further debt and tax reductions. The third possible use of the fiscal surplus is increased spending and a larger and more intrusive government.

The next election should involve the discussion of these different paths for the development of Canada. Any government elected in 1997 or 1998 will face the need to decide on this matter. There are obviously no best choices. Each of the three alternatives has advantages and disadvantages. However, in the light of post-war experiences, in my view bigger government does not appear to promise many benefits for society at large.

Surely there are always beneficiaries from government largesse and they always tell good stories on why they deserve the goodies from the state. However, as we look back on the decades since the 1960s it is difficult to find evidence that the massive expansion of governments has produced a significant improvement in the lot of the average Canadian above that due to general and largely exogenously determined economic growth.

If we believe the government's statistics and read the public opinion surveys, poverty, educational attainment, health care, crime and unemployment are worse than they were before the massive growth in spending after the 1960s. In my view it defies logic to argue that because past spending has produced the deterioration of these standards we therefore should have spent more.

I know I am running out of time but I have just one last page. I assure the House that I know the arguments on the other side. Some are good but most involve rhetoric and wishful thinking.

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I admit that I may be wrong about the merit of large government. It is for this reason that I think we need a national debate on this issue. What a shame that the 1997 budget did not set the framework for such a debate during the upcoming election.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I have worked with the member for Capilano—Howe Sound over three years now, as both of us are members of the finance committee. We may not agree on everything. However, the member for Capilano—Howe Sound always has been fair and always has been prepared to give credit where credit is due. He has done so consistently through the last three budgets, in which I know he took a great interest. He spent a great deal of time sharing his views with us about what the government should do and responding to what it had done on each occasion.

• (1315)

His colleagues talk a great deal about doing politics differently. As he prepares to leave the House, on behalf of the Minister of Finance, myself and many of my colleagues, I want to say the member for Capilano—Howe Sound is truly one who has done politics differently in the House. I compliment him for it. He will be missed.

Mr. Grubel: Mr. Speaker, the member is getting me into a lot of trouble with my party, which is not a very nice thing to do. However, you will have noticed that when I presented the summary of my experiences over the last four years I did come down very hard on the shortcomings of the policies. There is a clear difference in vision between the Liberal Party, the Reform Party and other parties on the right.

This should be emphasized and made clear in discussion and should be on the level of historic tax experience and not just hand waving.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I hate to get involved in this lovefest between the Liberals and the Reform Party. However, the parliamentary secretary is correct that the member for Capilano—Howe Sound has done things differently in the House and that is certainly to his credit.

One thing he said in his opening remarks bears repeating. I would ask him to shuffle his notes a little bit and share with us again his comments about how basically the Reform Party policy of a few years ago has been implemented by the government. It is worth noting from the point of view of most Canadians that the government is a party of the right and does share a number of the viewpoints of the Reform Party. It is incumbent on all of us to get it right.

If the member would care to share with us again his comment about the government implementing Reform policy, we would all appreciate it.

Mr. Grubel: Mr. Speaker, I think the division was quite clear during the election campaign and the people spoke clearly. One party said that it could not go on adding to the debt the way it had happened in the preceding 15 years. Two governments and two different parties had engaged in this spendthrift policy. In effect, the government has cut program spending, as Reform had proposed. We had proposed reducing interprovincial transfers. Instead it cut transfers for health, education and welfare which we had not proposed.

There are a large number of parallels but also some significant differences. The point I am trying to emphasize, which came out clearly in the numbers I gave, is that the deficit had to be brought under control. That was done. The government should be given credit for it. It did not do it right and I outlined why it was not done right and what the consequences of it were.

I believe my statement is basically correct. I am proud that because we had this agenda, we have helped prepare the way for the Liberal government to do what is right for Canada.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I am most anxious to participate in the debate on the Liberal budget.

I must say at the outset that the Liberal budget can best be described as an example of sleight of hand at its finest. The budget is sprinkled full of little goodies, but it is simply an attempt to conceal the Liberals' real record. And what a record it is.

• (1320)

Unemployment and bankruptcies are at record levels. Taxes are at record levels. Funding for health care and education has been slashed to record lows. We are approaching a record national debt level of \$600 billion, with debt servicing costs reaching a record \$50 billion a year.

The Liberals like to congratulate themselves on lowering the deficit, but it was done on the backs of Canadian taxpayers, students trying to get an education and Canadians who have suffered under health care cutbacks. That is the record of this Liberal government.

Let us not forget how Liberal taxation policies have affected the pensions of seniors and will continue to affect the retirement plans of seniors.

The Liberals have brought in 36 new tax measures and raised tax revenues by a record \$24 billion. The deficit has fallen by \$33 billion since 1993 and, therefore, a full 92 per cent of the reduction in the deficit is a result of Liberal higher taxation revenues. That is nothing to be proud of. Anyone can pull that golden handle and wrench more dollars out of Canadian taxpayers. Even this Liberal government can do that.

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The government has not reduced its spending significantly. It has not made government more efficient, as the Reform Party has cited. It has battled the deficit by squeezing Canadian taxpayers.

This is not the only thing Liberals are good at. They are good at cutting transfer payments in support of health care and education to achieve a reduction in the deficit. That is not what the Reform Party wants to do. Reformers want to give Canadians a tax break. We want to restore funding to education and health care. At the same time, we want to cut \$15 billion from the operation of government. That is where the big blood is.

The Liberals have battled the deficit by squeezing Canadian taxpayers. That is the only thing they are good at, shaking the money tree known as the Canadian taxpayer. The taxpayer is the Liberals' magic cash register. When they need more money for bigger government, bigger bureaucracy, bigger payments and bigger programs they dip into their cash register, the pockets of hard working Canadians.

The average Canadian family has seen its disposable household income shrink by \$3,000 under the Liberal government. Every reputable economist in the country will testify to that, but the Liberals are in denial. Canadian families will testify that they have \$3,000 less to spend to put food on the table, to put clothes on their kids' backs, to pay their medicare premiums and to provide the necessities of life. What kind of a record is that?

Do we know who does not have to worry about getting a job when the Liberals are in power? Liberal party fundraisers, former candidates, former Liberal provincial leaders and past party presidents. They do not have to worry about what the government is doing because they are getting jobs, while 1.5 million Canadians who do not hold Liberal memberships are looking for jobs.

The government has appointed hundreds of party faithful to various boards, agencies and commissions; appointments which come with obscene paycheques and obscene perks. That is being done despite the fact that the Liberal red ink book talks about making appointments based on merit. It seems that the only merit which is required is the \$10 for a Liberal membership.

Why am I even referring to this flawed Liberal election document? Nobody believes it any more, not even the Liberals. They have stopped quoting from it because they were caught so badly in the big GST lie. There are so many broken promises in it they do not even dare use it any more. It is too bad, I would love to see the Liberals bring that out when they go to the election that is coming soon. They can bring out that red book and talk about all the promises they have kept and we will talk about the promises they have not kept.

• (1325)

The Liberals red book has proved one thing only. It is not worth the paper it is written on. This red book will continue to give the Liberals headaches in the 1997 election as they twist, turn, flip and flop their policies when the policy winds change. And, Mr. Speaker, in case you did not know, Liberal philosophy and policy do change. They say "these are my policies, if you don't like them give me a little while and I'll come up with some new ones".

I would like to return to the chronic problem of the 1.5 million Canadians who are unemployed. The Liberals do not believe us when we say tax cuts create jobs. Maybe they will believe evidence from some non-partisan sources. The Cato Institute in Washington studied 10 tax cutting states and 10 tax hiking states between 1990 and 1995. These are figures that they will not want to listen to but, Mr. Speaker, I know you will want to hear this.

This study discovered that the tax cutting states created nearly two million net new jobs. The 10 tax hiking states created zero net new jobs. Furthermore, the economies of the tax cutting states grew 22 per cent faster than those of states which continued to raise taxes. Michigan was one of the states in that study that cut taxes—maybe the Liberals should know this—15 times since 1991 and brought the state back from economic ruin. Now it has an unemployment rate that is at its lowest since the 1960s.

In the Reform's fresh start program we argue that taxes kill jobs. We argue that tax relief creates jobs. Every single economic think tank in the country, perhaps in the world, knows and agrees that taxes kill jobs. Taxation kills jobs.

Yet this government has just imposed a \$10 billion payroll tax on Canadian businesses and Canadian workers. That defies logic. When every economic think tank in the country agrees that taxes kill jobs except for the socialist economic think tanks that the Liberals call on from time to time for their policies, and the NDP as well. And every same thinking economic think tank knows and confirms that taxes kill jobs.

It is because of these taxation policies that we have 1.5 million people unemployed. It has killed the jobs and it has ripped the heart out of our social programs of which these Liberals are so proud. They have cut \$7.5 billion from health care and education. No matter what little crumbs they threw out in this budget, let us not forget that they are the ones who have cut the \$7.5 billion from health care and education.

Reform Party policies in the fresh start program make sense to Canadians because they come from Canadians. We listen to Canadians, not like the Liberals who listen to their well-heeled back room advisers. This budget is smoke and mirrors. It is sleight

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of hand at its finest. There is no way that our party and average Canadians will accept it.

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I would like to enter into the debate on what the individual who has just spoken and represents the third party said.

• (1330)

In the next election there is going to be a significant amount of discussion as to what we do as country in the new millennium. Part of that discussion is factually correct, as the previous speaker from the Reform Party suggested, as to what we do with this major surplus that will be achieved because of the good fiscal management of the government.

In that discussion there are going to be a number of items. One is Reformers in their platform have suggested that they are going to make government smaller. They are suggesting some \$15 billion in cuts to the present government apparatus. My understanding of that scenario is the Reform Party will have to cut some 80,000 to 85,000 public service jobs in order to achieve what it perceives as small, efficient government.

We all know and the polls have showed continuously that Canadians feel very strongly about their social programs, feel very strongly about the ability to deliver those programs. I would like to ask the member if he would comment on that particular item, and while he is at it I would like to have him answer this for me.

Does the hon. member believe it is good economics for governments to give across the board tax cuts, like Ontario has, to the tune of so far 15 per cent in personal income tax, going up to 30 per cent of income tax reduction, which is a reduction in revenue of \$4.9 billion when they are running a \$10 billion deficit? That analysis is pretty easy if we picture the fact that this year they have had to cut \$6 billion worth of services in Ontario. That is \$6 billion of services that relate to education, relate to health, relate to transfers to municipalities, which of course have turned things upside down in the province of Ontario.

Would the member explain to me the whole issue of tax cuts when we need those revenues and when we still have a major deficit and whether he agrees or disagrees, and with his numbers as they relate to the 80,000 cuts.

Mr. Harris: Mr. Speaker, I think it would be hard to get the message on tax cuts across to this Liberal member in the next five minutes. They have not learned anything in three and a half years from us, so five minutes is not going to solve that problem.

The hon. member did talk about cutting the size of government. The Liberals of course believe that big is better. There is no doubt about that. They have displayed that.

Reformers, on the other hand, would prefer to work with a lean and mean government, no waste. The problem with this Liberal Party is it believes in this big bureaucracy. We want to be lean.

The fact is we want to cut spending. We want to cut the government waste. There is about \$15 billion a year in government waste because of this big government policy that the Liberals are so proud of.

The hon. member did not read our fresh start. We are going to put \$4 billion back into health care and education. The Liberals ripped the heart out of those programs to the tune of \$7.5 billion.

How could the hon. member have the audacity to stand up and say that it is the Reformers who are going to hurt health care and education when his very government has ripped \$7.5 billion out of health care and education? How does he explain that to people in my town who go to the hospital and find a third of the beds closed and line-ups for operations? How does he explain that to students who cannot afford tuitions because of the cutbacks that this Liberal government has made in education?

That is hypocritical. That is hypocrisy at its finest, absolute hypocrisy.

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, I am pleased to speak to this motion and in support of the 1997-98 federal budget. This budget continues the course set on October 25, 1993 when Canadians voted for change in the last federal election. It provides the tools necessary to help keep Canada the best country in the world.

When the Liberal government was elected in 1993 we had three choices. Two were easy. The third was difficult.

• (1335)

The first choice was to continue spending without any concern for the future, as the past Conservative government did. In nine years the Conservatives nearly tripled the debt and left us with a deficit of nearly \$45 billion.

It would have been easy in the short term to give everyone all they wanted, to add to the deficit and debt and to let someone else deal with the problem, just as the Reform Party now is proposing on the CPP issue. That would have been irresponsible and it would have placed Canada's future and sovereignty at risk.

The second easy choice would have been to make deficit elimination our only goal, as it used to be the Reform Party's. In doing so we could have easily abandoned the sick, the elderly, those most vulnerable and possibly eliminated the deficit much faster.

It would have also been irresponsible because it would have caused pain by ignoring the millions of Canadians who rely on the federal government for their pensions, for health care, for post-sec-

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ondary education and for the countless government services provided each and every day.

Instead, Liberals opted for a third choice, one that was challenging, difficult and required imagination, innovation and responsibility. This third choice was to reduce the deficit while preserving social programs.

We know that the efforts initiated by the Liberal government have been difficult. They have meant fewer public servant positions. They have required new ways of doing business in government and they have called for sacrifice.

In doing so, we are admired around the world for the way we have turned the federal budget around and for ensuring that those most vulnerable are cared for which is, after all, the reason we are the best country in the world.

The finance minister visited Guelph on November 12, 1996. In doing so, he participated in a call-in program on our local radio station, CJOY. He met with reporters from the *Guelph Mercury* and the *Guelph Tribune* and his visit to Guelph must have had enormous impact on him because this is truly a Guelph—Wellington budget.

When the minister announced \$800 million for the new Canada Foundation for Innovation, he was speaking directly to the researchers and administration of the University of Guelph.

He spoke directly to President Mordechai Rozanski, Larry Milligan and others who asked me to help them in their work. Our commitment to fund research infrastructure will ensure that the place of the University of Guelph as the finest post-secondary education facility in Canada will not be challenged.

When the budget promotes donations to charitable organizations it speaks directly to Morris Twist of the United Way social planning council, to Lindsay Kennedy of the Wellington County literacy council and to Jassy Narayan of Onward Willow.

It encourages the thousands of volunteers who help make Guelph—Wellington the best community in Canada and it makes the responsibility of the professionals who run social service agencies, clubs and foundations a little easier.

When the budget provides more funding for infrastructure, it responds to a resolution passed on February 3, 1997 by Guelph city council asking for the continuation of this important initiative.

In providing more assistance for people with disabilities, it is in direct response to the recommendations and suggestions offered by groups and individuals in Guelph—Wellington to the task force chaired by our colleague from Fredericton—York—Sunbury.

In promoting trade, this federal budget has said to business leaders in Guelph—Wellington like James Watson of Armtec, Wolf Haessler of Skyjack and Hock Choong of Semex that others will be allowed to benefit from Team Canada as they have.

I have been allowed a number of opportunities, especially as chair of the national Liberal caucus committee on economic development, to speak to the finance minister on priorities for the people of Guelph—Wellington.

● (1340)

In response to a survey I sent out in December 1994, my constituents identified three areas of importance for federal spending: health, social services and youth. When the finance minister presented his budget on February 18 he spoke to those priorities.

We have encouraged young people through initiatives like the youth employment strategy and in helping parents and students to cope with the rising costs of post-secondary education to obtain the experience and education necessary in today's changing workforce. By assisting young people to obtain a post-secondary degree we are also helping the people of Guelph—Wellington whose jobs are dependent upon a growing student population.

In providing \$300 million over three years to assist efforts to find new and better ways to meet Canada's health care needs we are acknowledging the many people in Guelph—Wellington who have asked us to make health care a priority. I am pleased that a health transition fund will provide funding for projects that could include home care services. If this fund means that people can stay in their homes longer then it will mean much for the elderly and the sick in Guelph—Wellington and all across Canada.

In developing the new Canada child tax benefit, we are not abandoning the social safety net for those children and their parents who need our help the most. These are exactly the kinds of federal spending priorities that have been demanded by the people of Guelph—Wellington; all of this while never wavering from our deficit reduction targets.

There are those who are critical of this budget. They spoke earlier. Let them come to Guelph—Wellington to address our university researchers and tell them that they are opposed to the Canada Foundation for Innovation. Let them visit our charities and tell our volunteers that they are opposed to support for charitable giving and let them respond to the thousands of Guelph—Wellington residents who told me that health care is important. Let them say to those people that they are opposed to improving Canada's health care system. Let them meet our students and their parents and say that they are opposed to investing in post-secondary education, and let them tell our citizens with disabilities that they are opposed to our help.

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This budget stays the course. In doing so it says that the hard work, the sacrifices and the reductions that Canadians have made since October 1993 were not lost. In fact, this is a budget of hope and it is a budget for a stronger and brighter future.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I accept the invitation of my colleague for Guelph—Wellington.

If she really wants us to, we will go to her riding to meet the people, the researchers, the people affected by poverty or unemployment, and we will explain to them as follows: in the past three years and a half, the Liberal government has cut \$4.5 billion in transfer payments to the provinces to assist with their welfare, education and health programs. Her government has also jeopardized the income security system in Canada, the health system, and part of the research activities.

Yes, we accept her invitation, and we will go and tell her constituents in Guelph—Wellington the truth, no offence meant to my colleague, as I do respect her abilities.

I would also like to challenge what she has said about the \$800 million foundation. Let them stop treating us like imbeciles. The \$800 million is \$800 million for the foundation, but new R & D investments represent \$180 million yearly, and \$180 million is very little in damage control by the federal government, after it has made hundreds of millions of dollars in cuts, \$500 million in R & D alone. Part of the \$4.5 billion in the Canada social transfer went for funding research activities and infrastructures.

They have made cuts here, and now they are offering a little treat, a little band-aid, a little ointment on the huge gaping wound they themselves have caused. And they are patting themselves on the back for it.

• (1345)

Yes, we will go to your riding to explain that to your fellow citizens, as we have been explaining it ever since you brought down this clown's budget.

[*English*]

Mrs. Chamberlain: Mr. Speaker, I am so pleased to have the opportunity to respond.

I will welcome my colleague into my riding. He needs to come to my riding to tell the people of Guelph—Wellington and the rest of Canada why he as a Bloc member wants to break up Canada. He needs to explain why he has plunged Quebec into instability. He needs to tell the people of Guelph—Wellington why we have lost jobs in Canada. It is because of the instability and fear the Bloc has put into the Canadian and Quebec people.

I would welcome this member into my area, let me tell you, Mr. Speaker. Furthermore when his past leader, Mr. Bouchard, travelled on taxpayers' money to promote separatism, my community of Guelph—Wellington wrote petitions and stopped Mr. Bouchard from travelling on taxpayers' money.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, it is an interesting debate but unfortunately it does not help the young people of Canada attend university and other post-secondary educational institutions.

The member for Guelph—Wellington talked about the innovation funding going to Guelph. I certainly support that funding just as I would support it to the University of Saskatchewan or to other institutions.

Like the member from the Bloc who spoke earlier and like many people in Canada, I too am aware that on the one hand billions of dollars have been taken out of education and health care funding by the government. As a result the provincial governments and the institutions have had to raise tuition fees and have changed the student loans program to the extent that only the wealthy are able to attend school.

The member talked about the innovation funding at the university yet she is allowing the government to remove the funding that caused the Government of Ontario to raise tuition fees again this year by up to 20 per cent. If the students cannot go to the universities, what good is the funding for research?

Mrs. Chamberlain: Mr. Speaker, I would first like to point out to my hon. colleague, whom I like very much, that his own premier in Saskatchewan who is also a member of the NDP, has had to get Saskatchewan's finances in order. It seems to me all provinces have finally realized that Canadians really do understand that we do have to live within our means but we also have to choose priorities with vision. Clearly in this budget that is exactly what has happened.

Finally, after being elected in 1993 and hitting a financial wall because of where we were brought to, we are now only seeing a little bit of movement. We are able to begin putting money into health care which this budget is doing, into post-secondary education which this budget is doing, and into mechanisms like the RESPs. Parents can use those and then transfer them back into their RRSPs if they wish. There are a number of mechanisms in the budget.

I know my hon. colleague being the fine gentleman that he is and the caring spirit that he has would be appreciative of—

The Deputy Speaker: Resuming debate, the hon. member for Lachine—Lac-Saint-Louis.

Mr. Clifford Lincoln (Lachine—Lac-Saint-Louis, Lib.): Mr. Speaker, of course as Liberals we would have much preferred not

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to tackle the deficit and concentrate on social programs. Of course as Liberals we would have much preferred to keep the research budget as it was. Of course as Liberals we would have preferred to beef up social programs. However, we were faced with a deficit of over \$44 billion that was crippling the country and making it bankrupt.

• (1350)

All Canadians regardless of their political stripe, regardless of their ideology, recognized that something had to be done. This is why today people have so much respect for the Minister of Finance and the Prime Minister for having set the direction toward balancing our finances and for having reduced the deficit of \$44 billion by 57 per cent over the last three years. Today we can see daylight. Our finances are getting back into shape and we are now getting back to our roots as Liberals and we are looking at social programs again.

[Translation]

I would like to concentrate on two programs especially dear to my heart. First, I would like to talk about persons with disabilities. With my colleague Andy Scott, whom I congratulate sincerely on his extraordinary work, I had the privilege of participating in a working group on persons with disabilities. Because of this group, we based our approach on a broader perspective in society for persons with disabilities, in terms of independent living and access to work. Of the measures tabled by the Minister of Finance, some seem pretty basic to us, but to people with disabilities, they are vital to their independence.

There are tax credits of 20 per cent for vehicle conversion, and 50 per cent for the installation of an air conditioning unit vital to a person's ability to breathe and carry on his or her life. There are also the costs of adapting a residence, of assistants for those with severe handicaps, of customs duties, which are now eliminated for goods sent for people with handicaps really needing them.

These measures include an opportunities fund of \$30 million annually to ensure that the disabled are entitled to financial and personal freedom and to full citizenship.

I know our detractors will say that \$30 million annually is peanuts. It is, however, a big step forward, a beginning. It is a new start given that, in the past, we could not afford this luxury. Now, as we see some balance in our finances, our thoughts turn first to people with disabilities, children in poverty, research, innovation and students—all needing our support.

The second measure I wish to talk about is our research and development program. There is no reason to hide the fact, Canada has fallen far behind the other countries in the OECD in terms of research and development. If we look at the statistics, it is no secret that Germany, England, France, the United States and Japan are far ahead of us in this area.

This budget at least gives us a start. It shows the way the government wants to go in the future. It is all very well for the opposition to say that \$180 million a year is nothing. However, the \$180 million will be spent in partnership with private enterprise, with universities and research institutions so that it will be doubled each year.

It has been said that we will be able to set up a research fund of \$2 billion in five years. They say this research fund is paltry. However, according to Dr. Simard, the rector of the University of Montreal, it is the response they were waiting for. According to Dr. Shapiro, the president of McGill University, it will be of significant help in the area of university research.

[English]

A few weeks ago I had the privilege of spending some hours at the Montreal Neurological Institute, the famous institute founded by Dr. Wilder Penfield. There I could sit with Dr. Murphy and Dr. McPherson and Dr. Barker and find out how much they crave research funds. Research funding has been cut. We had no choice. Now we must restore it. We must give the young scientists who crave funding for grants a chance to shine again. We have in Canada among young research scientists the most brilliant in the world.

• (1355)

I visited the Montreal Neurological Institute and found that what they are working on today is at the very forefront of progress in medical research. They want to continue their work, to perfect it. The only way they will perfect it, because funding is always a problem, is to seek partnerships.

In the past, in their traditional sense, universities never sought out private enterprise but today the university system is joining with private enterprise. The Montreal Neurological Institute is going to the Royal Bank for a partnership.

The funds which the government is extending will give a sense of direction, a sense of leadership that we want to restore our funding in research. We want to restore our funding in medical research, in environmental research, in research in high technology.

I salute the government for having taken this very forward step. I know we need more research grants, more funding, but it will only happen if we restore our finances first. Within the next few years, once we have a budget deficit of \$9 billion or less, we will be able to fund research even more.

The budget will restore the faith of many people, many small liberals who want government to go back to its roots and fund social programs. I am extremely proud that the government has taken that route. Henceforth, all the funding that we will be able to spare will be geared toward programs to help those who are most in need.

*S. O. 31**[Translation]*

It is a Liberal budget. One that points the way to the future for those who need us most. I am very proud of this budget, and I strongly support the direction taken by the Minister of Finance. My colleagues and I will push for continued movement in this direction, for a return to our Liberal roots and for remembrance of those who need us most.

[English]

The Speaker: We will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

MATHIEU DA COSTA AWARD

Mr. John English (Kitchener, Lib.): Mr. Speaker, I rise today to pay tribute to a constituent in my riding of Kitchener, Ontario, Marie France Paré.

Miss Paré, from École Cardinal-Léger, had the honour of receiving the Mathieu Da Costa award for elementary French writing. This award is relatively new and honours young people who have illustrated through the arts the cultural diversity in our society.

Miss Paré was recognized for her essay on Harriet Tubman. Her essay brings to light this heroic individual and her contributions to society. It also identifies the many cultures that are part of our Canadian history.

Her writing skill, coupled with her insightfulness, brings to our attention the diverse beginnings of Canadian society.

Like Mathieu Da Costa, Miss Paré illustrates the significant impact people from all cultures have had and will have on this country. I commend her and all the award recipients for bringing to light the contributions of all cultures to our nation.

I wish to congratulate Miss Paré for this special award and wish her all the best in her future endeavours.

* * *

HEALTH CARE

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, this is health care platform progress note number two on the state of our health care.

In my hometown of Victoria 160 people are on waiting lists for radiation therapy. Of those people, 60 per cent are there for breast cancer, 40 per cent are there for prostate cancer. The wait with respect to breast cancer can be as long as 14 weeks. The response of

the provincial government has been to close down the expansion of the cancer clinic. As well it is sending people to the United States.

In British Columbia waiting lists for cardiac surgery went from 385 in March to 500 in December.

This government has just put \$300 million into health care after ripping out and eviscerating \$7 billion in transfer payments to the provinces.

● (1400)

It is this political party that continues to label itself the white knight that pretends to be there for the sick, the poor and the dispossessed, but the only white knight—

The Speaker: The hon. member for the Battlefords—Meadow Lake.

* * *

UNEMPLOYMENT

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, the Minister of Finance yesterday stated that he no longer believed that the so-called natural rate of unemployment in Canada was as high as 8 per cent. This is a dramatic change for the Liberal government which has repeatedly stated that it would not reduce unemployment below 8 per cent because of the dangers of inflation.

In doing so, the Liberals had attached themselves to the anti-inflationary policies followed by the Bank of Canada which the Liberals had attacked while in opposition. Those policies are responsible for the size of Canada's public debt and the fact that unemployment has remained above 9 per cent since the so-called end of the last recession.

As the election approaches the Liberals want to wash their hands of this terrible record on jobs by disowning the theory of the natural rate of unemployment. But the 1.5 million unemployed Canadians want to see in writing from the Minister of Finance that he will not let the Bank of Canada stand in the way of job creation.

* * *

CURLING

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, I am pleased to rise in this House today to congratulate the Meredith Doyle Junior Ladies Curling Team from Truro, Nova Scotia which became the national champions of junior ladies curling last Sunday in Manitoba.

I salute Meredith Doyle, Beth Roach, Candace MacLean and Tara Hamer for a terrific win against the Quebec team in the nationally televised games. Their competitive spirit, determination and commitment to excellence demonstrated their worthiness to advance to the world junior championships. They will be great ambassadors for Canada.

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I invite all members of this House to join me in wishing our national champions the best of luck as they travel to Japan for the world junior competition next month.

* * *

EAST COAST MUSIC AWARDS

Mr. George S. Rideout (Moncton, Lib.): Mr. Speaker, last Thursday movers and shakers in the international music industry flocked to Moncton to take in some of Canada's most vibrant music. For four days Moncton whooped it up. Blues, pops, fiddle music, it was all there at the East Coast Music Awards.

[Translation]

We celebrated our down home music, in both official languages. It was just great.

[English]

Demonstrating its cutting edge flare, organizers put the extravaganza on the Internet. Between 10,000 and 12,000 people visited the site every hour.

As we are all aware, Monctonians are held in high esteem for their honesty. In all honesty I can say that the music awards were superb.

[Translation]

My congratulations to all those who worked so hard to make this event a huge success.

[English]

If you did not get to Moncton last week, all is not lost. On Friday, February 28, CBC will air the East Coast Music Awards and you can see for yourself how we in eastern Canada can do it up right.

* * *

THE BUDGET

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, I would like to take this opportunity to congratulate the Minister of Finance for presenting this House and this nation once again with a sound and responsible federal budget.

Coming from a large, predominately rural constituency, the budget measures that will help rural Canada are of particular interest to me, for example the expansion of the community access program by about \$30 million, the \$50 million equity infusion into the BDC which will lever up to \$250 million in new loans for tourism, and the Farm Credit Corporation will be provided with an additional \$50 million.

Rural areas will also benefit from the funds provided in this budget through the extension of the infrastructure program, youth employment initiatives, small business enhancements and innovation.

The minister recognizes that strength in rural Canada is vital to our national well-being.

* * *

[Translation]

THE LATE DENG XIAOPING

Mrs. Maud Debien (Laval East, BQ): Mr. Speaker, on behalf of the Bloc Québécois, I want to note the passing, yesterday, at the age of 92, of one the most prominent figures of modern China: Deng Xiaoping.

This political figure ruled a country with a population of more than one billion for some 15 years. Deng Xiaoping's achievements include the decollectivization of rural communities, one of the most painful legacies of communism. He also took on the challenge of introducing a degree of economic liberalization, without any political liberalization however.

Sadly, Deng Xiaoping leaves behind him the memory of the Tiananmen Square massacre and systemic repression.

On behalf of our caucus, I would like to extend our condolences to his family, and express the hope that, one day, the Chinese people will achieve democracy.

* * *

● (1405)

[English]

AGRICULTURE

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, the minister of agriculture has concocted a strange brew known as the barley plebiscite soup.

His recipe for democracy goes something like this. Take secret polls and manipulate vigorously. Mix the debate that has been simmering for over three years and then bring to a boil. Blend with a fundamentally flawed question that ignores the wishes of a majority of farmers. Add a trace of number coded mail-in ballots. Cover up for two weeks and serve with a healthy dose of cynicism.

Clearly the minister's recipe serves only one, himself.

Farmers in western Canada believe they are being denied scrutineers who would ensure the accuracy and integrity of the vote and avoid the perception of bias.

If the Liberals try to deny farmers one of the most basic fundamental rights of democracy by not allowing a proper scrutineering process it will be the minister and his fellow Liberals who will be roasted in the next election.

* * *

THE BUDGET

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, the 1997 budget announced the increase of the current child tax benefit to

\$6.1 billion. Over 1.4 million low Canadian families, about 2.5 million children, will see an increase in federal child benefit payments by July 1998.

Through the national child benefit system we can ensure that children in Canada live a healthy and happy life.

[Translation]

The provinces can now provide more efficient services and programs to low income families by investing more in child care as well as dental care and drug benefits for children.

The 1997 budget affirms our government's commitment to children. Canadian values and priorities require us to invest in our children. Our work will be done only when all children go to bed with a smile on their faces.

* * *

[English]

PERSONS WITH DISABILITIES

Mr. Andy Scott (Fredericton—York-Sunbury, Lib.): Mr. Speaker, I would like to thank my colleagues from Parry Sound—Muskoka, Vancouver East and Lachine—Lac-Saint-Louis for their contribution to the government's task force on disability issues. I would also like to thank the observers, the working groups and the more than 2,000 Canadians who put their faith in the task force. Their confidence inspired our work.

Tuesday's budget demonstrated this government's renewed commitment to Canadians with disabilities. The measures dealing with the cost of disability and taxation as well as the new opportunities fund are a first step in recognizing persons with disabilities as equal citizens who aspire to the same quality of life as all Canadians.

We are witnessing a new role for the federal government in this area and I am pleased that the work of the task force has made a difference. We are in a better position than we were a year ago and I want to encourage the government to continue to offer Canadians with disabilities confidence, peace of mind and opportunities for their future.

* * *

[Translation]

JOB CREATION

Mr. Patrick Gagnon (Bonaventure—Îles-de-la-Madeleine, Lib.): Mr. Speaker, I wish to inform this House that the Minister of Labour has just announced, on behalf of his colleague, the Minister of Human Resources Development, that \$850,000 has been awarded to the new MDF board plant in the Saguenay town of La Baie.

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Following the opening of the plant, this financial assistance drawn directly from the transition job fund will create 98 permanent full time jobs as well as 245 indirect jobs in the region. In addition, construction of the plant itself will generate employment for 145 workers. This project, viewed as a priority for the economic development of the region, will be carried out in partnership with Uniboard Canada, which will provide the funding required to complete this \$128 million project.

We are proud to be directly associated with this project, which will create permanent jobs in this high growth sector in the Saguenay area.

* * *

TRAN TRIEU QUAN

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, on December 1982, Vietnam became one of the 127 countries that signed the 1966 International Covenant on Civil and Political Rights. By signing this covenant, Vietnam agreed to comply with certain international standards. However, that country is violating, with full impunity, the rights of Tran Trieu Quan, as guaranteed under that treaty.

Since the representations made by the government did not secure Mr. Tran's freedom on humanitarian grounds, the Minister of Foreign Affairs must now show political courage and confront the Vietnamese government, by invoking international law.

Given that the Vietnamese courts seriously violated the international standards outlined in the 1966 covenant, Canada has a right to stand up for Mr. Tran.

Why has the Canadian government not yet lodged an official protest, and what is it waiting for?

* * *

• (1410)

[English]

VACLAV KLAUS

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, the Reform Party and I welcome to Canada today Vaclav Klaus, Prime Minister of the Czech Republic.

Vaclav Klaus deserves the highest praise for three outstanding achievements in his life. First, when his native country was ruled with an iron fist by a communist regime, he had the courage to advocate a democratic free society and economy for his country. Second, he persuaded the people of his country of the merit of his ideological vision and to elect him prime minister. Third, against strong opposition from special interests he enacted free market reforms, set free the creative energies of the Czech people and made his country the most prosperous of the former Soviet bloc.

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Welcome to Canada and three cheers for Vaclav Klaus and the Czech people he represents.

* * *

THE BUDGET

Ms. Colleen Beaumier (Brampton, Lib.): Mr. Speaker, this government is firmly committed to the Canada Health Act. The budget reaffirmed this commitment. It introduced targeted measures to ensure that Canadians will continue to enjoy the best health care system in the world.

We announced the creation of the health transition fund to help provinces assess new and better ways to provide health services. One hundred and fifty million dollars will be allocated to provinces on a per capita basis over a three year period.

The budget also provided \$50 million for a Canada health information system. This is a co-ordinated national information system that will save many lives because health care workers across the country will have the right information at the right time.

Finally, we increased funding to two existing programs, the community action program for children and the Canada prenatal nutrition program. By taking quick and decisive action on the report of the national forum on health, this government has once again demonstrated its ongoing commitment to Canada's health care system, one of the pillars of Canadian society.

* * *

[*Translation*]

QUEBEC

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, the Quebec Minister of Finance just gave an eloquent demonstration of his inability to give priority to the public interest over his separatist obsession.

Let me explain a few things about the budget. The fact is that Quebec receives 31 per cent of all federal transfers, while accounting for only 25 per cent of Canada's population. It also receives 46 per cent of equalization payments, through government-to-government transfers.

Let us set the record straight. The \$1.2 billion reduction in transfer payments to Quebec will not have to be absorbed this year alone; rather, it will be spread over a five-year period.

Separatists should stop looking for scapegoats and make a commitment, as we did, to regain control over public finances and get the economy back on track.

DIPLOMATIC MISSIONS

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, last fall, the Minister of Foreign Affairs sent a memo to diplomatic missions accredited with Canada, demanding that diplomats inform the department of any meeting with provincial ministers or officials, here and abroad.

In a democratic country such as Canada, it is totally unacceptable for the federal government to monitor contacts between officials representing foreign countries and those representing Quebec. Indeed, while our province is not named in the memo, it is obviously the one that is targeted.

How can the federal government justify such behaviour? Would the Liberals go so far as to take sanctions against countries that would not comply with their directive?

This form of intimidation is not to Canada's credit. Does Ottawa really believe that it will curb the legitimate aspirations of the people of Quebec and disturb the lucidity of the international community regarding the Quebec issue? If so, it is mistaken.

* * *

[*English*]

IMPAIRED DRIVING

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, on February 7 this House demonstrated its wisdom and compassion when it unanimously adopted Motion No. 78.

This motion calls on the government to strengthen the impaired driving sections of the Criminal Code in order to more appropriately punish drunk drivers and to deter others who may consider getting behind the wheel while impaired.

I brought this motion forward after a tragic driving accident that claimed the lives of three family members in my community. Impaired driving is the number one criminal cause of death and injury in Canada.

My research and involvement with anti-drunk driving groups have opened my eyes to the impaired driving epidemic in this country. On average four people per day are killed by drunk drivers and over three hundred are injured. This must stop. It is time the government stopped treating impaired driving as simply another social ill.

I urge this House and the government to respect the wishes of this House and act quickly on the principles of Motion No. 78 so we can make our roadways and neighbourhoods safe again.

*Oral Questions***ORAL QUESTION PERIOD**

• (1415)

[*Translation*]

THE BUDGET

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday the Prime Minister explained to the media his concept of federalism, a very unusual concept that is quite at odds with last year's speech from the throne.

He told us that, if the federal government spends its time invading provincial areas of jurisdiction, it is for their own good. The Canadian government, he said, has always helped set up new initiatives. It helps the provinces prepare programs, and then it withdraws. The Prime Minister even added, and I quote: "We negotiate with standards. Sometimes, we move ahead, then there are adjustments, but social progress must be achieved". This is a fine example of paternalistic federalism.

I ask the Minister of Finance whether he realizes that the budget he has brought down reflects the policy denounced by the provinces that allows the federal government to interfere in areas of provincial jurisdiction. The federal government contributes a bit of money, it sets national standards, imposes its priorities, forces the provinces to comply and then withdraws, leaving the provinces with responsibility for coming up with the money to finance its big projects and the unpleasant task of making cuts.

Is this the Minister of Finance's new federalism?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I read with interest the statement made yesterday by the Prime Minister, who was commenting on the budget brought down by the Minister of Finance.

What we saw, and I would like to confirm this today in the House, should there be any ambiguity whatsoever, is the government's commitment to the national child benefit, which is an ongoing benefit. It is an ongoing benefit from our government to assist children in low income families.

This is not a program one starts up and then pulls out of. It is a program we have developed in partnership with the provinces that is perfectly compatible with the Government of Quebec's family policy.

As far as the national child benefit is concerned, I can reassure you that this is an ongoing commitment on the part of the Government of Canada.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, we feel better already with such a promise. We have never heard this in the past. It is quite new.

An hon. member: Is it the same as the GST?

Mr. Duceppe: The Minister of Finance claims that the federal government is the source of progress. He and the Prime Minister should admit that, last year and this year again, their government cut \$4.5 billion in social, health, and post-secondary education programs, which represents \$1.3 billion for Quebec alone.

How can the Minister of Finance boast about putting only \$50 million this year into a program to fight child poverty, after such cuts? Is that progress, \$1.3 billion in cuts and \$50 million in its place?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I am sure that Quebec's Minister of Finance, Mr. Landry, will put his 31 per cent of federal transfer payments to the provinces to good use in his next budget. Although we represent only 25 per cent of the population, 31 per cent of federal transfer payments, and 46 per cent of equalization payments, is not bad.

I think the Government of Quebec is not doing too badly.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, when the minister talks about 31 per cent, he is including tax points, as well as the money they are borrowing with our credit card, in our name, that we are obliged to pay later on.

When he talks about equalization payments and the fact that we receive more in UI, he should be ashamed. If Quebec receives more in UI, it is perhaps because there is higher unemployment in Quebec. He seems to be proud of this. It is hard to believe.

Getting back to the Prime Minister, who has been saying some very interesting things lately. He was explaining to the French Prime Minister, Jacques Chirac, that it is much easier in Canada than in France to cut social and health services, because the decisions are made in Ottawa and the provinces are stuck with the actual dirty work. Federalism is so wonderful.

• (1420)

Is the Minister of Finance aware that it is irresponsible of the federal government to place the provinces in an unstable position by forcing them to cut direct public services? Is he aware of that?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the Government of Canada has cut some of its own programs. We have carried out two program reviews and made cuts to federal government programs. We have also reduced the number of federal public servants by 50,000.

It is easy to whine all the time and pretend to be the victim, the worst off of all the victims of the Canadian federation. I would like

Oral Questions

to draw the attention of the opposition and of the Government of Quebec to the fact that Quebec still receives the largest federal transfer payment of any Canadian province relative to its budget.

Quebec derives considerable benefit from being in the Canadian federation, and we have no problem with that.

Some hon. members: Oh, oh.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, if the Minister of Human Resources Development were more familiar with his history, he would not ask the questions he just has, for poverty has its historical and political causes.

The Minister of Finance has decided that the children of Quebec and Canada would remain poor. Yet, he managed to squeeze out a tear during his budget speech. He has, however, forgotten that he and his government had done a good deal to impoverish families. He has added a mere \$50 million to the pot.

How can the Minister of Finance boast of his compassion, which I would have been glad to see him show toward poor children, when his so-called \$50 million effort means only another \$33 per year per child living in poverty in Quebec and in Canada?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, from—

Mr. Bellehumeur: The tables of the rich, a few crumbs.

Mr. Pettigrew: They can always be considered crumbs, but if you start by looking at the figures—

Mr. Bellehumeur: It is outrageous, 500,000 more poor children since you have been in power.

Mr. Pettigrew: —we have added \$70 million to the \$195 million we had already committed in this fiscal year. The amount we have committed, one that is permanent and will be repeated yearly for many years, the most important national social project for decades, a project in partnership with the provinces, which will add \$850 million yearly for the benefit of children in low income families, is a magnificent commitment on the part of the government.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, there was more money in 1984, in today's dollars, in assistance to children, for the number of children there were at that time, than there is in this budget.

Why does the Minister of Finance want to be at the top of the G-7 when it comes to deficit reduction, while he does not mind being at the bottom of the OECD countries when it comes to helping children living in poverty?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, this is like comparing apples and oranges. In 1984, there was a family allowance system which went to all households. It was a universal program, one which many governments before us had questioned.

If, however, we look at the situation and the way it has developed in recent years, I think that our government's commitment to children of low income families is one that is solid, significant, and aimed at low income families, unlike the family allowance, a universal program from another era, which we revised when we did a general tidying up of Canada's public finances to the benefit, incidentally, of all the administrations and all the companies in this country.

[English]

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, yesterday I pointed out that over the past five years the finance minister's tax revenues have gone up by 30 per cent, while the take home pay of Canadians has gone down by 10 per cent.

• (1425)

"Not to worry," he said, "those increased tax revenues were a result of the incredible economic growth". Could it be that all the great economic growth explains why Canadians are \$3,000 poorer, why 1.5 million Canadians are unemployed and why one in four Canadians are worried about losing their jobs?

I ask the finance minister this. Can he explain why all this supposed economic growth has made the government 30 per cent richer and Canadian families 10 per cent poorer? How does it add up?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member will know that at the time we took office, there was an enormous amount of insecurity in the country. Canada had come through the deepest and longest recession since the depression of the 1930s. Taxes were going up, interest rates were skyrocketing and there was an enormous loss of confidence among business and consumers.

Three years later, 798,000 more jobs were created in the private sector, consumer confidence is on the way up, business confidence is on the way up and every international organization in the world, the OECD, the IMF and the World Bank, are saying that this is where the economic miracle of the world is taking place.

Canadians are very proud of what is going on here. They really do not like to see people knock the country.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, right now the people who are upset are those who have existing bankruptcies, which are up 60 per cent. I am not sure they would be bragging about the budget.

In the finance minister's world, a \$3,000 pay cut for families is defined as economic growth and a 70 per cent pay hike in payroll taxes is considered an investment.

In April 1995 the minister's department released a study—I will table it if he would like me to—which concluded that a 40 per cent increase in CPP premiums between 1986 and 1993 had killed 26,000 jobs.

Oral Questions

My question is for the Minister of Finance. Has his department figured out the negative impact that this 70 per cent increase in CPP premiums will have on jobs? It was 40 per cent before, and now it will be a 70 per cent increase in these pay hikes. How many jobs will that lose, not create?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, obviously it takes a great deal to explain to the Reform Party the difference between a tax and pension contribution.

Yesterday I pointed out that what the Reform Party was recommending in its changes to pension contributions was the Chilean model which was 13 per cent, some \$500 more than the federal government and provinces have come together on.

I wanted to be fair to the Reform Party. Therefore I went back to see if I could find out whether they had made a lower recommendation. Remember that the provinces and the federal government have agreed to 9.9 per cent. The lowest recommendation I could find from Reform was 10 per cent.

Let me quote from Reform's minority report from Standing Committee on Human Resources Development social security review. It says that in Chile the local version of CPP has been phased out and replaced by mandatory RRSPs, financed by a payroll deduction of 10 per cent. That is the lowest that they have come up with—

Some hon. members: Oh, oh.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, by Canadians being able to put into their expanded RRSP program, they will get exactly double what the government offers in any pension scheme.

The same study that was done by Joe Italiano in the minister's department also examined the impact that payroll taxes had on wages. It is one thing for the minister to say that this is an investment. For the employers who are kicking out another 70 per cent of taxes on premiums for their workers, this is what his department came up with, not some Reformer, regarding wages.

"Employers, that is the people who hire and pay the employees, try to pass the increased cost of higher payroll taxes on to employees through lower wages". Somehow that does not sound like a great investment.

• (1430)

Since Canadians have already suffered a \$3,000 pay cut under this Liberal government, how much more than \$3,000 will they lose now that the finance minister has increased payroll taxes by 70 per cent?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is very difficult to understand how members of the Reform Party can stand up day after day, swallow themselves whole and bring

forward positions that are in total contradiction to what they have stated consistently in House of Commons committees or in this House.

I made a reference to the 10 per cent increase. That was the lowest number that I could see.

Let us look at what Reform has actually recommended. This is a quote from the Reform Party's social security review and the option which it recommends: "The schedule of planned increases to the CPP payroll tax", which they called it, "could be maintained or somewhat accelerated with the excess funds being diverted into contributors' personal super RRSP funds".

What Reform is recommending on paper is the acceleration of the contributions up to a level of 14.2 per cent.

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my question is directed to the Minister of Finance.

In his budget, the minister announced the creation of the Canada Foundation for Innovation to invest in R & D infrastructures. However, as in the case of most of the measures announced in this budget, on the eve of an election the minister is putting money back into an area where he previously made massive cuts, as in the case of the Tokamak reactor in Varennes.

How can the minister create a federal foundation when he has already cut more than \$3.3 billion in transfer payments to the provinces for health and post-secondary education and more than \$100 million in funding for research councils? These are radical cuts that have already seriously undermined research in universities and hospitals.

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the position taken today by the hon. member for the Bloc Québécois is a rather interesting one.

I can quote some comments by Denis Gagnon, vice rector of Laval University. He said: "I think it was very good news yesterday for universities and teaching hospitals that do research. Excellent news at last that we may be entitled to assistance in developing our research infrastructures".

He also said: "The federal government is involved, but it is looking for what it calls a partner in any commitment it will make, and it will be up to us to work with these partners".

[*English*]

David Johnston, former head of McGill university said: "We can establish—"

*Oral Questions**[Translation]*

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, if the minister is willing, we could send him some quotes which are the exact opposite of the ones he happened to choose. These are ten times worse.

Does the minister, who has cut at least one half billion annually from research and development budgets, not realize that \$180 million is peanuts compared with the promise in the red book which would add \$1 billion annually for science and technology?

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, first of all, the hon. member is quite wrong. Apparently she cannot read. Perhaps she should go back to the red book. She would see that our commitment was to invest \$1 billion in science and technology during our mandate. By creating the Foundation for Innovation we have already invested \$800 million.

We also created Technology Partnerships Canada, whose budget, starting next year, will be \$250 million annually, and this is stable funding.

• (1435)

Today we announced the renewal of the national network of centres of excellence as a permanent program with \$47 million in funding. We announced other investments in the budget.

* * *

*[English]***PENSIONS**

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, any reform of CPP must reflect fairness for all Canadians. If a 20 year old person invested CPP contributions in an RRSP at an average return of about 7 per cent he or she would have a nest egg of over a million dollars. That would give an annual retirement income over double what is being offered under the Liberal CPP plan.

How can the minister justify forcing young people to contribute to a plan that would have to rank as one of the worst investment schemes on the planet?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the projections that have been made by the federal government and the provinces are quite prudent. Again I point out that all 10 provinces are joint stewards in the Canada pension plan.

If the Canada pension plan was to earn higher rates, and there is no reason why it should not given the fact that it will be subject exactly to the same investment criteria as any private sector pension plan, then clearly the returns will be higher.

Let us point out some of the fundamental differences the super RRSP will not have. CPP benefits are fully indexed. They are secure. They provide disability benefits. If somebody has an accident under the Canada pension plan they will be protected.

What Reform would do is throw those who have bad luck, who have accidents, on to the market with no help. Let us understand what it means. Under the Canada pension plan survivor benefits will be provided. As well, under the Canada pension plan women having children who have to retire from the workforce for a period of time are protected. Under the Reform plan there is no such protection.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the finance minister is making Iyin' Brian look good.

Some hon. members: Oh, oh.

Some hon. members: Withdraw.

The Speaker: I caution members again about using inflammatory words. I would like the hon. member to withdraw these words "Iyin' Brian" and to put his question directly, please.

Mr. Solberg: Mr. Speaker, I withdraw. The Liberal record is a 17 per cent jobless rate for Canada's youth and now under the guise of CPP reform—

Some hon. members: Oh, oh.

The Speaker: Put the question, please.

Mr. Solberg: Mr. Speaker, on the one hand why is the government breaking its jobs promise to Canada's youth and on the other hand if they ever do get a job forcing them to pay higher and higher taxes for ever diminishing benefits?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us put the debate over the Canada pension plan in perspective.

We have already seen that the difference of opinion between ourselves and the Reform Party has nothing to do with the CPP premiums. We have already seen that on the three basic options put forward by the Reform Party, one of 10 per cent, one of 13 per cent and one of 14.2 per cent, in all cases Reform are recommending higher CPP premiums than the federal government and the provinces. We understand that.

• (1440)

Therefore what we must deal with is what is the fundamental difference of opinion between ourselves and Reform. It has to do with the values of this country. It has to do with do you believe that Canadians feel a collective responsibility one for the other? Do you believe that Canadians do not think this is a country only for the rich? Do you believe that what this country is all about is providing for Canadians on disability, providing for single mothers, providing for survivors? We do.

*Oral Questions**[Translation]***TOBACCO BILL**

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, my question is for the Acting Prime Minister.

Despite his attempts to exert pressure, the secretary of state responsible for regional development in Quebec has failed. The Minister of Health this week tabled a number of minor amendments to his tobacco bill, which simply put the problem off until after the election. All the organizers of sporting and cultural events are angry and disappointed at the work done by the secretary of state in the matter of sponsorships.

Will the Acting Prime Minister acknowledge that, despite the fine words of the secretary of state for Quebec, the government has found no other way to ensure the viability of sporting and cultural events in Quebec and Canada?

[English]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the member is completely off base.

The minister has responded to committee recommendations, a committee of which the hon. member was a participant. The minister has said: "All right, I will consider what the recommendations of the committee are, first of all, that the legislation passed as it was and second, I will take into consideration some of the concerns with respect to a transitional period in order to accommodate the concerns of all of those who depended on advertising". He has done that.

The minister has also taken into consideration the overwhelming opinion of the Canadian public that this is a health bill and that as a health bill it shall pass unchanged. The minister has also said: "I will be reasonable. I will receive further representations". He has received them and he has presented amendments that reflect weighing those recommendations in the balance.

[Translation]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I do not know how the parliamentary secretary can say that, when the minister refused to meet representatives of the sponsors.

On October 22, the Prime Minister said before the Chamber of Commerce in Montreal, and I quote: "By working in a spirit of co-operation, we can put Montreal back on its feet. We have no choice, we must succeed".

Are we to understand that his work on behalf of Montreal is limited to adopting a bill that threatens more than 2,000 jobs and over \$90 million in economic benefits there?

[English]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I am not sure it is very constructive to engage in these kinds of scare tactics. The legislation, and the hon. member has read it well, does not prohibit advertising. There are restrictions to the application of advertising, restrictions to which the advertising agencies around the world and especially in North America agree should be in place.

The member also knows there are even more severe restrictions in the United States. In fact, as of next year there will be an outright ban. No such thing is happening in Canada.

For the edification of the hon. member and for the information of this House I would like to draw to the member's attention what the minister of health in Quebec said about advertising which I will quote for the member's benefit. I will table it if the member would like. It says:

• (1445)

[Translation]

The minister said this: "Sponsorship is subliminal advertising. Cultural products are associated with a brand of cigarettes. This is a very strong way to encourage smoking, especially among young people".

[English]

The Speaker: The hon. member for Edmonton Southwest.

* * *

CANADA PENSION PLAN

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, first I would caution the Minister of Finance not to speak too loudly of Reform ideas because it usually takes about a year for a Reform idea to end up being Liberal policy, as we all know.

Catherine Swift, the president of the Canadian Federation of Independent Business, wrote a letter to the Canada pension plan review committee. In it she wrote: "Increases in CPP premiums to as high as 10 per cent would be massively disruptive to small business finances and employment levels". The premium increase announced by the Minister of Finance to 9.9 per cent will cost a company with 100 employees \$130,000.

Where will that money come from to pay this increase in taxes? Why will the government not link an increase in CPP premiums to a decrease in the UI premiums?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us simply contrast in terms of the CPP premiums with differing tracks between what the Liberals and the provinces have said together versus what the Reform plan is.

Oral Questions

Instead of it going up to 14 per cent and then continuing, under the federal government and the provincial plan, the premiums are going to go up to 9.9 per cent and then they are going to level off. We will then have a fuller funded plan. What Reform is suggesting under what appears to be the most real of its options is that there would be an acceleration of those premiums up to 14.2 per cent.

How the hon. member can stand in this House and try to convince people that 14.2 per cent is less than 9.9 per cent can only be done in that weird little corner of the world where Reformers do their arithmetic.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, on behalf of Canadians, what we are trying to do is to link the very real damage done to employment by payroll taxes and the fact that payroll taxes have to come down.

We all understand that the Canada pension plan is a basket case. Everybody knows that. The problem is that for new people coming into the plan it must be fair. For businesses that now have to try to maintain a payroll we have to keep them from going broke. For the vast majority of businesses there is only one place the money can come from. According to the same CFIB survey, 49 per cent of small businesses with five employees are operating at break even or loss positions which means that the last person hired will be the first person fired.

How many small businesses will be forced to close as a direct result of this payroll tax increase? That is the problem.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member has just referred to the Canada pension plan as a basket case. One must understand what he is saying. The federal government along with eight of the provinces, provinces which reflect the vast range of the political spectrum in this country, provinces which reflect all of the regions of this country, have come together with the federal government to protect the Canada pension plan so that it will be there for young Canadians.

To refer to the Canada pension plan as a basket case could only come if one adopts an extremist view. We understand that is exactly what we are dealing with. The basic difference here is not between Reform and the government. It is between a balanced view of what Canadian society is all about and about a band of extremists who would destroy the values of the country.

* * *

[Translation]

THE CONSTITUTION

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is for the Minister of Intergovernmental Affairs.

This week, Quebec's Liberal Party leader Daniel Johnson said he would not support the amendment to section 93 of the Constitution sought by the Quebec government, because, in his opinion, the fact that up to four other provinces could be involved increases the likelihood of failure.

• (1450)

Just yesterday, however, the minister stated unequivocally that section 93 could be amended bilaterally on the basis of the proposal made by the Quebec government.

Who are we to believe, the minister across the way or the leader of the Liberal Party in Quebec?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I will have to repeat the three basic points made from the very beginning by the Government of Canada in this matter.

First, on the face of it, what the Government of Quebec is proposing appears to be feasible, bilaterally, under section 43 of the Constitution Act of 1982 amending formula.

Second, the Government of Quebec must build a consensus around its proposal. Incidentally, my Quebec counterpart, Jacques Brassard, is now saying the exact same thing as I am, thereby contradicting the opposition in this respect.

Third, this is a matter that must be debated by the provincial legislature before being referred to the Parliament of Canada. That was what happened in each of the four previous bilateral amendments.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, in light of the 180 degree turn and the glaring inconsistency of his friend and ally, Daniel Johnson, is the Minister of Intergovernmental Affairs telling us that, until the leader of the Liberal Party in Quebec sees the light and stops putting partisanship before the interests of Quebec as a whole, he will consider that there is no consensus in Quebec to proceed bilaterally?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the leader of the official opposition made another suggestion that may well reduce the likelihood of a court challenge. It is up to the Quebec government to determine whether this is the best solution and to discuss the matter with the leader of the official opposition.

I think that the official opposition in the House of Commons now realizes that a consensus is required. So far, it had always maintained that all we had to do was to accept a proposal put forward by the Government of Quebec.

Oral Questions

[English]

HEALTH

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, there are a number of groups and individuals who want to use herbs and other natural products for medical purposes. They are suggesting that Health Canada unreasonably forbids the importation of some rather innocuous health products.

My question is for the Parliamentary Secretary to the Minister of Health. Does Health Canada publish statements why certain products are or are not allowed in and is there an appeal process when entry is denied?

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, members of the House will know that Health Canada's priority is to ensure that products which are put up for sale are both safe and effective.

Every year the department authorizes several hundred uses of traditional herbal remedies and vitamin and mineral supplements. We have also dealt with a series of other items that have been less than safe. I cite as an example remedies containing ephedrine which were responsible for a number of serious illnesses in Canada. As a result a ban was imposed on the use of Ephedra in certain products.

Health Canada does permit the importation of products that meet regulatory requirements. In the event that products are prohibited, all importers can appeal to the department for a review. The review process is an open one.

* * *

CANADA PENSION PLAN

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, not only is the Minister of Finance going to hike the CPP tax by 70 per cent for working people, but let us look at what he is going to do for the retired folk.

Under the minister's proposed new rules the old age security is gone. The guaranteed income supplement is going to be gone. The \$3,500 seniors tax free allowance is gone and the \$1,000 tax free pension income for seniors is gone.

Will the Minister of Finance tell us why he has killed these four pillars of financial security for seniors so that he can brag about his budget?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the government by bringing in the new seniors benefit has brought in a benefit that is going to be fully indexed, a benefit that is going to be tax free and a benefit which will benefit 75 per cent of Canadian seniors, nine out of ten single women. It is a benefit that

is going to target those who need it most, certainly people who will never vote for Reform.

● (1455)

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, let us look at the new seniors benefit of which he is so proud. If a senior only has a seniors benefit and the Canada pension plan, the Minister of Finance would take back half the Canada pension plan. Let him tell us why that is fair.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, that is simply not true.

The main issue we should really address is why, with all of the problems and the opportunities this country has, the Reform Party has taken up all of question period with one goal in mind: to destroy the help that will be given to low income seniors and to destroy the Canada pension plan. What is it deep in the hearts of Reformers that would destroy the social security programs upon which Canadians rely? Why? It has been an hour of basic—

The Speaker: The hon. member for Bellechasse.

* * *

[Translation]

CANADIAN EMBASSY IN WASHINGTON

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, my question is for the Minister of National Defence.

On Tuesday, the Minister of National Defence finally admitted that he and his colleague in External Affairs had received a report concerning the allegations that a Quebec diplomat in Washington was spied upon by Canadian military attachés.

Out of a concern for transparency and in order to get to the bottom of this matter, is the minister prepared to make that report public?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I would simply refer the hon. member to the reports that appeared this morning where the lawyer for Mr. Keener who had made that allegation said that the allegation was simply false. That should clear up the point which we made in the House, that this whole allegation was absurd. Now the lawyer of the person who said it in the first place has said that it simply is absurd.

* * *

SOMALIA INQUIRY

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, according to the defence minister, everybody knows what happened in Somalia so we do not need the inquiry commission.

Since the minister knows, perhaps he can tell us why no military police were sent to investigate the March 4 shooting, or why Major

Oral Questions

Armstrong's medical report was ignored. Perhaps he can tell us whether Bob Fowler really did blackmail Kim Campbell and whether generals interfered with an investigation.

Since the minister knows the answers, will he tell Canadians what they are? If not, why is he so determined to avoid learning the truth?

Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, of course the elements that are raised by my hon. friend are important. That is why the Somalia commission of inquiry has been working now for nearly two years. By the end of June, after three extensions, it will have caused some \$25 million to have been spent.

With respect to the specific incidents that occurred in Somalia which the hon. member refers to, I hope that after all of this work the conclusions and the recommendations of the Somalia commission of inquiry will be useful to all Canadians, including the hon. member and the government.

* * *

HUMAN RIGHTS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, the Baha'is in my community and countless Canadians are repelled by the news of death sentences passed on Baha'is in Iran. A few days ago Iran raised the bounty on Salman Rushdie's head to \$2.5 million.

I ask the Minister of Foreign Affairs, what is Canada's reaction to this latest outrage and to human rights abuses that continue in Iran?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, let me say on behalf of the government and all Canadians that these decisions are simply outrageous and we have to do everything we can to try to counter them.

I will be meeting this afternoon with representatives of the Baha'i community to talk about how we might work together with them to respond. I have written to the foreign minister of Iran to say that this should be stopped. I will be in contact with the president of the European Union to see if we can mount a common front against what is really an outrageous situation. I can promise the hon. member we will do everything we can to stop these actions.

* * *

THE BUDGET

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, earlier today New Democratic Party leader Alexa McDo-

nough urged the Liberals to reverse plans hidden in Tuesday's budget. These budget plans will result in cuts to the benefits for some 288,000 children of the working poor in this country.

Given that the minister says he wants to help the children of Canada's working poor, why is he actually taking money away from them?

• (1500)

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the leader of the NDP is absolutely wrong. No child in this country will receive less money this year than they received last year. That is absolutely clear.

Some people wished to be transferred from a per family to a per child situation. One child families will still receive more money, not as much as we had hoped and was promised in the earlier budget, but they will receive more money than they did last year. It is a matter of fairness to go to a per child situation instead of per family.

We are doing a good job for next year's national child benefit.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Vaclav Klaus, Prime Minister of the Czech Republic.

Some hon. members: Hear, hear.

* * *

[Translation]

BUSINESS OF THE HOUSE

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, I would like to ask the usual Thursday question. Can the government tell us what will be on the agenda when we return in two weeks?

[English]

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, starting tomorrow the government will call the report stage of Bill C-71, the tobacco bill; Bill C-66, the labour code amendments; and Bill C-67, the competition legislation.

We would also like, at an early date, to complete second reading of Bill C-46, the Criminal Code amendments, and Bill C-49, the administrative tribunals bill.

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

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

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

Mr. Taylor: Mr. Speaker, I rise on a point of order. When the debate concluded prior to question period an hon. member had just finished speaking and there had not been time for questions and comments. I am wondering if you are about to call questions and comments.

The Speaker: The hon. member is absolutely correct. The hon. member for Lachine—Lac-Saint-Louis had five minutes for questions and comments. I was about to call for that before we proceed with debate.

Are there questions or comments?

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I appreciate the opportunity to direct a question to the hon. member from Quebec, with whom I have served on the environment committee and for whom I have a great deal of respect.

The hon. member spoke at great length about funding for research and development, for technologies and for other things. I am greatly disappointed that the federal budget did not announce additional funding for green plan moneys that have expired. Green plan moneys previously funded a lot of projects on the prairies for land preservation and conservation, and water and air conservation. Many rural residents, farmers in particular, benefited a great deal from the funds which were available for research and conservation projects.

My first question of two is: Does the member believe that at some point we should see a return of this kind of funding? Second, about 16 per cent of agricultural research and development money over the past three years has been withdrawn. I wonder if the member, who is committed to research and development, would not like to see the replacement of that 16 per cent to research and development in agriculture.

• (1505)

Mr. Lincoln: Mr. Speaker, naturally all of us want to see restoration of previous funding in the areas of environment and agriculture. At the same time, we face realities. We have had to cut substantially in government expenses. When government ex-

penses, the deficit, are cut by 57 per cent over three years, the cutbacks are significant.

The budget sets a sense of direction. One government priority is innovation, research. It has earmarked the research foundation for the next five years even though it is subject to partnership with private enterprise, with the economic world so that hopefully it will produce \$2 billion over five years.

Naturally, when finances are restored to the government, I hope there will be much more funding for the environment, whether it is in the form of the previous green plan which was criticized as being too unfocused. We need something focused, something that addresses the issue of scientific research in the environment especially. Yes, I would be all for this. The Minister of Finance shares this goal as well.

[Translation]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, a budget, particularly one which we know is a pre-election budget, indicates a party's profound sense of attachment to its ideals. Now, what does this budget really present us with? This budget tells all those people who have paid dearly to reduce the deficit—generally, those people and those regions and provinces which can least afford it—"You are going to have to keep on paying".

The budget speech is full of praise and self-congratulation for the new economic indicators which ought supposedly to create jobs on their own, without the government having to put anything into employment.

Now the same people who have had to bear the brunt of the deficit reduction are the ones cruelly deprived of jobs, which would put an end to their needing the various social programs. But what does the government do in this connection? It announces a new infrastructure program, it announces a project for investing in research and development, but these measures are not in the least sufficient to deal with the problems involved.

The budget also shows a certain degree of cynicism, since there is no indication whatsoever that the unemployment insurance fund surplus is liable to stop growing.

Finally, after having shed a tear over child poverty, the budget says that, this year, the government will invest \$50 million.

• (1510)

I will expand on these points. There are more. My colleagues talked about federal intrusion. I want to emphasize these particular points because they affect ordinary people. I wish there were a better word, but I have yet to find one.

Ordinary people are those who need social programs, average citizens. We are all ordinary people but when we use this expres-

The Budget

sion, I think of those who know they have no power, no wealth, no RRSP and often no house. These are the people who need the government, who need social programs.

So what do these people see nowadays? They see that instead of improving their lives, instead of being able to count on the programs they urgently need, this budget announces that they will continue to experience severe cuts in funding. I am referring to the people of Quebec. They will continue to experience severe cuts in funding for health care, education and social programs.

And they will continue to experience the full impact of employment insurance reform, a shameful misnomer. In fact, they will not be able to count on any help at all. This is outrageous, when we consider the employment insurance fund. Since the Liberals came to power, the employment insurance fund has annually collected \$4 billion or \$5 billion more than it distributed in benefits.

This year, the surplus is expected to be \$5.8 billion. These figures are shocking because they tell us that although the government expects to spend \$13.5 billion on benefits, it will collect \$19.3 billion, and \$5.8 billion over \$13.5 is something like 43 per cent. This is outrageous. This is highway robbery and misappropriation of funds. It is intolerable that only workers and the businesses that employ them should pay this special premium to reduce the deficit.

However, the minister is delighted. Did you hear that? The minister is delighted because he managed to reduce unemployment insurance premiums. He is delighted with the fact that he reduced costs. He is delighted with the fact he reduced the deficit. He did not say that this deficit reduction was largely paid for by workers earning up to \$39,000, no more. People who work overtime and earn really big salaries do not pay a cent. Businesses that employ people and pay them up to \$39,000 are the people who, since Liberals came to power, have paid for most of the reduction of the deficit.

There are really no words to express how unproductive this is from the economic point of view and how unfair it is to the people themselves. In fact, it would make any citizen indignant. I have no hesitation in showing my indignation, because I see it everywhere in my riding as do all hon. members in this House, who can testify to the general indignation of the public.

• (1515)

The Conservative government's withdrawal of the \$2 billion paid by the main budget for job training from the unemployment insurance fund had major consequences. Three years later, there was a \$6 billion deficit in the fund—three times \$2 billion. Because the government was no longer responsible for this area, the unemployment insurance had to pay. Workers and businesses had to pay for job training.

However, since the Liberals came to power, things have been quite incredible. Now, the consolidated fund, the main budget, has little to do with job training, help and active measures, everything comes out of the unemployment insurance fund. In fact, the Minister of Human Resources Development's reform had the effect of having the unemployment insurance fund pay for what previously came out of the consolidated fund.

In other words, this is so twisted that the scandal rages on while all the members on the government side gloat. However, it makes no sense that the deficit reduction effort is not better distributed, including among businesses.

Which businesses pay their employees the most unemployment insurance? The labour intensive ones and the small and medium size businesses. The big ones rarely do. So the businesses providing the most jobs pay the most. Not just for the plan, but for the surplus in the fund, which is used only for the deficit.

When the minister decided to reduce the portion of salary from which unemployment insurance contributions are collected, we in the opposition tried to point out how unreasonable this was. Instead of spreading the costs of unemployment insurance to a population better able to afford it—the higher income earners—the level of earnings not subject to unemployment insurance premiums was reduced to \$39,000. This is crazy.

The minister says: "This will continue. There was a \$5 billion surplus in 1996; there will be at least \$5 billion more at the end of 1997". About 1998—he is telling us what a good job he has done to get re-elected—he is saying nothing. He is saying nothing about reducing it, so there will be another \$5 billion. It is turning into a tax, and not a hidden one. Much of unemployment insurance contributions goes to reducing the debt for society as a whole, yet it is workers who earn up to \$39,000 who pay.

Those who can, who pay from their first hour of work, the first dollar they earn, they are the ones who are paying down the deficit. Those who earn over \$39,000 are not.

• (1520)

I also want to discuss child poverty. This issue also makes me really upset. The Liberal government got elected after stressing how caring it was, how big a heart it had, and how it was going to tackle the issue of child poverty. Back in 1993, one of the initiatives the government promised to take to fight child poverty—I know because I was the critic on that issue and I debated it with the Liberal leading lights of the time—was a national daycare service. Not one penny was ever allocated to that project. Zero. The minister argued that the provinces would refuse to go along, which was true in some, but not in all cases. Be that as it may, not one penny was spent on that initiative. That commitment was going to cost \$720 million.

The Budget

I was astonished when I saw in the budget, that the minister was recycling that promise. The finance minister may not like the comparison, but he is doing with tax benefits what Mr. Duplessis used to do with his promise to build a bridge. Mr. Duplessis would run at least two elections on a promise to build a bridge. The Liberal Party is in the process of running two elections, perhaps three—we will see after the next election—with the same promise to tackle the real causes of child poverty.

This time, the instrument being used is not a national daycare service, but a child tax benefit. However, what guarantee do we have that the government will fulfil this promise? This year, it will invest \$50 million.

There are 1.5 million children in Quebec and in Canada who live in poverty. In its generous spirit, the government says: “We will invest \$50 million”, which means \$33 more per year for each poor child in Quebec and in Canada. When children live in poverty it is because their parents live in poverty, because they do not have a job, because they were cut off employment insurance, because they have problems getting welfare, because they are not in good health. As you know, the causes of poverty are cumulative: one cause triggers another, and so on. Can the government seriously claim to be doing something about child poverty by giving \$33 more per year per child? This is the firm part of its commitment.

The other is a promise, said to be carved in stone, a commitment. If this were my first election, I would say: “Let us give credit to the government. After all, there have been some Liberal traditions in the past”. But now I do not give credit to the government this time. I have no confidence left in the government and, worse, I am outraged. And I am going to tell you why.

In his budget, the finance minister says that he is proud because, since the government has been in office, in terms of deficit reduction, Canada has gone from being the worst country in the G7 to being the best, which means that Canada is the leader in deficit reduction.

Members are aware that international figures always take some time to adjust, but the latest OECD data—what better source can you ask for—show that Canada is the worst not only among the G7 nations, but also among the OECD countries in terms of assistance to poor children.

• (1525)

In what some say is the best country in the world, how can we accept to be the best in deficit reduction, at the expense of the future and the health of our children, given the social impact this will have, because we tried to go about it faster than other countries who were already doing much better than Canada was, at a time when Canada's programs were also doing much better?

I could quote it at length, but I will just point out that, in Europe, when they calculate poverty before transfers and taxes, in France, for instance, in 1984, it was 24.7 per cent before and 5.7 per cent

after. In Canada, in 1987, the poverty rate was 18.4 and 12.6 per cent after taxes.

Since then, social programs in Canada have deteriorated. To my knowledge at least, a global evaluation has not been made but it must be made, since future generations are the ones that will pay. We talk a lot about the budget deficit; when will we talk about the health deficit, the intellectual development deficit, the social development deficit that will result from these often drastic cuts? These will be the social costs of the decisions this government is so proud of.

I would have liked the Bloc Québécois not to be the only party in this House to speak up on this. My colleagues may make as much noise as they want, I know what I am talking about and they know it. They should be happy to have us here, since we are now the only ones to speak for the future of young people in Quebec and Canada in our role as the official opposition.

This is not a good budget for ordinary Canadians. This is a sad budget. All those who have already put enough money aside will benefit from the economic indicators, but everybody else will be hard-pressed to find hope where there is not much hope.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

AGRICULTURE AND AGRI-FOOD

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I believe there would be unanimous consent for the following motion. I move:

That the Standing Committee on Agriculture and Agri-Food be authorized to travel to Winnipeg, Regina, Saskatoon, Calgary and Grand Prairie from March 17 to March 21, 1997 in relation to its examination of Bill C-72, an act to amend the Canadian Wheat Board Act, and that the necessary staff accompany the committee.

(Motion agreed to.)

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

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

• (1530)

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I listened with interest to the hon.

The Budget

member opposite. Yes, we have talked a great deal about the G-7 in comparisons with Canada but not just on deficit reduction.

She conveniently left out these comparisons. According to the OECD, according to the IMF, Canada in the year that is beginning April 1 will lead the G-7 in growth. Canada will lead the G-7 in job creation. According to an IMF report reported widely in the press yesterday, Canada is well ahead of other nations in the G-7, indeed throughout the OECD, in dealing with the problems of an aging population. Does she want to comment on that?

Second, in her focus on merely \$50 million for children, she is leaving out for some reason the budget announcement of over \$600 million in new money available for children, une prestation fiscale pour enfants bonifier.

It is going to raise the amount of support that the federal government provides to children under the child tax system as it currently is moving to a new system from \$5.1 billion to \$6 billion. She leaves that out for some reason and talks only about \$50 million. It will be \$850 million added to the existing program, \$600 million of which is new money.

For some reason she leaves out entirely le Programme visant à améliorer la santé de nos enfants, an extra \$100 million for prenatal nutrition and for the vital CAPC program. Is she aware of that or has she just forgotten?

[Translation]

Mrs. Lalonde: Mr. Speaker, the parliamentary secretary certainly knows that I am usually very well informed and that I have not forgotten that. I would like to remind him that the OECD statistics to which I was referring have to do with social policies.

It is predicted that Canada will be the leader in growth, in jobs, just as you said, and in dealing with the problems of an aging population.

In the area of jobs, changes that are occurring on the labour market have to be taken into account. Some people are saying that not much is being done. Last year, 125,000 of the 170,000 net jobs that were created were independent jobs. The only longitudinal studies available on this subject show that independent jobs, a number of which were probably created by public service employees who have received their separation incentive and have decided to start a small business of some sort—

Mr. Campbell: Is it not a good thing?

Mrs. Lalonde: I am not saying that it is not a good thing. Mr. Speaker, you should tell him to address the Chair and to stop provoking me.

Independent jobs are interesting for those who hold them. However, when almost all net jobs created in a country are independent jobs, it is a sign that a revolution is taking place on the

labour market. All our social programs, all our systems are not designed to meet that need. Definitely not. For example, the unemployment insurance program is not designed for those people. These jobs are far from being permanent, and they often generate less revenue. This issue needs to be given serious consideration.

As for growth, you are well aware that growth may not mean much sharing. Growth and improving the lot of the average citizen are two separate things. What I was talking about was improving the lot of the average citizen.

I would like the secretary of state to listen to me when he suggests that I omitted, for a reason he no doubt finds suspect, the \$600 million the government has promised for the child tax benefit. I did not omit this amount. I said that the government had set aside only \$50 million this year. I am not entitled to table a book. There will be \$470 million after the election and the figure will not reach \$600 million until 1999-2000.

I would ask the hon. secretary of state to consult his own papers, or I will provide him with copies.

• (1535)

So, what people will have before them during the election will be \$50 million. The rest will come after the election. Last time, during the election, \$720 million was promised for a national child care system. We never saw a cent. So, before I believe there will be \$470 million for the child tax benefit the following year and \$600 million the year after that, I will have to wait for the bill. Before then, there will be an election and another opportunity for the government to do what it wants.

Finally, there is health. As far as health is concerned, in Quebec anyway, the federal government has outdone itself: It has cut social transfers, it has cut assistance for health and, here, the government, using part of this money, instead of giving it to the province that has come up with a drug insurance plan, will provide \$150 million in assistance to provinces for drug insurance plans. Maybe Quebec has a good idea. Let us help the others. Quebec did not ask for subsidies to implement its plan. It did it despite the cuts, without seeking any assistance. In its generosity, the federal government is going to look after research projects to be developed in other provinces.

The federal government will develop a health information system. The provinces are unable to exchange such information. This brings me to the third point, the best of all. This too goes back to 1993. In Quebec we have a special program. This program was developed by a community group which found that underweight and disadvantaged women gave birth to small babies with all sorts of health problems. Gradually, those groups convinced CLSCs and others to give those women who claimed unemployment insurance benefits one egg, milk and an orange every day. The program yielded tremendous results.

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I can still remember a major television program in which the Liberals promised to take care of small babies. This was in 1993. Now I know how the last \$100 million will be used: a Canadian prenatal nutrition program will be established. Just imagine. The government will send civil servants all across Canada to help community groups to distribute one egg, milk and oranges to babies who are still in their mother's womb and who will not have much hope in life.

I hope the parliamentary secretary realizes there are major flaws in his minister's budget.

Mr. Campbell: Mr. Speaker, this temporary change will add \$195 million in July 1997 to the budget for the working income supplement, which means \$70 million more than the increase proposed on the same date in the 1996 budget.

[English]

And the other \$600 million will come in by July 1998. So that is real, new money.

[Translation]

Mrs. Lalonde: Mr. Speaker, in the budget it was \$250 million, announced last year. So honestly—

[English]

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I want to take this opportunity before speaking to the budget to respond to some of the things that have been said by some members opposite.

• (1540)

The Reform Party has been critical of a number of things. First is the child tax benefit which will raise federal spending for children once fully implemented to \$6 billion a year. Incredibly, the leader of the Reform Party or, as someone referred to him yesterday, the leader who aspires to be the leader of the fifth party in this House, said yesterday that commitment is totally negated by the cuts in transfers since 1993. That is an incredible statement from the Reform Party, the party that wants to cut faster, including transfers, so that it can give a tax break to its friends. It is really astounding. Its budget plan would decimate education and health.

Reformers cannot have it both ways. They cannot criticize us for not doing enough out of one side of their mouth and out of the other side of their mouth say "but if it were our way, we would cut faster". When it comes to protecting medicare, education and children, Canadians do not look to the members opposite but to this side of the House.

Then incredibly Reformers in their debate over the last days have been critical of deficit reduction, arguing that some of the relief comes from growth in the economy. I will just stop there. What are they saying? Are they against growth in the economy? They are right, the economy is growing because of the steps we

have taken in our three prior budgets. Corporate profits are up, tax revenues are up as a result of that and somehow that is a bad thing. It is really quite something to behold and extremely difficult to understand.

Then there is the Bloc, members of the official opposition.

[Translation]

Last night, I read the speech made yesterday by the hon. member for St. Hyacinthe—Bagot regarding the budget. Unfortunately, it was pretty confused and his logic was way off.

[English]

On taxes they attack us on a lack of action. They allege we are lazy. I would say that if anyone is lazy in this debate it is the members of the official opposition because they did not read the document entitled "L'équité fiscale", one of the budget documents.

[Translation]

If they had read it, they would have found examples of measures adopted since 1993 to enhance tax fairness.

[English]

I could cite from that just three examples of steps we have taken to address the very concern they raise.

[Translation]

For example: eliminating the \$100,000 lifetime capital gains exemption, extending the base for the alternative minimum tax, eliminating tax advantages available through trusts, restricting the use of tax shelters.

The opposition is opposed to all those measures. They voted against our budget.

[English]

They were opposed to these measures and yet they stand here and say that we have not done anything in the tax fairness area. We have done it but we have done it without their help.

Again on the point of a total lack of logic in the speeches by the members from the official opposition, incredibly they allege that the deficit has come down because tax revenues have gone up. Then a page later, in the speech I read last night, the member for Saint-Hyacinthe—Bagot said that it was because of cuts. Which is it?

[Translation]

One cannot talk from both sides of one's mouth at the same time.

[English]

Let me turn to the budget itself. When we came to office in the fall of 1993 our country faced a number of daunting political policy challenges about the economic and fiscal fronts. We were not

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alone. Indeed our problems were shared by most industrialized countries.

Where Canada is unique perhaps is in the straight ahead approach we have taken to implement lasting structural reforms. We went beyond hopeful talk to hard action and tough choices and that is delivering accelerating results and growing benefits to Canadians. The evidence is clear and concrete. The opposition merely has to put aside their partisan glasses and read this year's budget with open eyes. That is what financial markets have done; that is what Canadians have done.

• (1545)

[*Translation*]

I need not remind this House why we took these vigorous and disciplined measures to put our financial house in order. Large deficits and a huge public sector debt made interest rates soar, undermined confidence, drained domestic savings and caused a considerable increase in the country's foreign debt.

That illustrates our philosophy in financial matters. Dealing with the problem of public finances is not a goal in itself—we see the reform of public finances as a prerequisite for national growth, job creation, security and economic and social independence. We are starting to see the results.

[*English*]

In the economic arena, forecasters concur. As I said earlier, Canada will be a growth and job creation leader in the G-7 this year. One of the key engines for this growth is interest rates. Currently short term rates are near a 35-year low. In fact, they are lower than comparable U.S. rates for maturities of up to 10 years. That is no accident. Our fiscal plan combined with our commitment to low inflation has created the conditions and the credibility needed to bring down interest rates.

In today's debate I want to continue to focus on our fiscal record. That is not to ignore important investments that the budget announced in job creation and in vital social action for low income children, for health care, for the disabled and to assist charities. This is in the historic tradition of nation building and support for those in need that has been the heart blood of our party and distinguishes us from others in this House.

These investments would not have been possible without jeopardizing jobs and growth, without our sustained progress in deficit reduction. It is jobs and economic growth that are themselves key components in helping eliminate poverty and hardship.

The budget announced this week shows that our consistent cohesive fiscal plan is working. It confirms that our federal deficit this year will be no higher than \$19 billion. I want to highlight some points about that.

First, that result is over \$5 billion below the target we set out. This is the third year in a row that we have bettered our targets.

Second, when we took office the deficit that year, 1993-94, was \$42 billion or 5.9 per cent of GDP. This year the deficit will be under \$20 billion, closer to \$19 billion or lower, or less than 3 per cent of GDP. We have cut the deficit in half in three years.

Third, our 1996-97 results will also be more than \$9.5 billion below our deficit a year ago. That is the largest year over year decline ever in the history of this country.

Fourth, how we are achieving this dramatic progress is just as important as the results themselves. The vast bulk of our fiscal action has been on the expenditure side, cutting spending rather than raising taxes. In fact this is also our third budget in a row with no increase in personal income tax rates.

There are a number of factors contributing to the success of Canada's deficit diet.

[*Translation*]

First, our budget planning was based on cautious economic assumptions. These included the assumption that the interest rates would be higher than what all of the forecasters in the private sector had predicted. However, interest rates were lower than forecast, because of the credibility we re-established on the financial level. Lower rates meant lower costs of servicing a much smaller public debt.

Then there was the contingency fund, included in our plan in order to prevent our finances from going off course, in the event we ended up with a crisis like that of the Mexican peso and the volatility it caused in the international markets and in interest rates.

• (1550)

However, we also made it very clear, from the outset, that, if this reserve were not needed it would not be spent, it would go directly to reducing the deficit. And this is what happened again this year.

[*English*]

But budgets are about tomorrow, not just today. Here again our fiscal story is a good one and I am afraid it drives the members opposite nuts.

The 1997 budget reaffirms that we are clearly on track to meet our deficit targets of 2 per cent of GDP in 1997-98 and 1 per cent in 1998-99. That 1 per cent mark will represent a historic turning point for our country. It is a point where our financial requirements, that is, the need to borrow net new money on financial markets to pay for our programs and debt charges, will be eliminated.

While there will still be a deficit, it will be managed through the federal government's own internal resources. That means that 1998 will mark the first time in 28 years we will not have to go to the

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markets for new money. It will put the Canadian federal government in an enviable position internationally.

Financial requirements of course are the way most other major countries measure their deficits. By eliminating them in 1998, Canada will have the best financial record of any G-7 country based on current national budget plans.

[*Translation*]

It must be clear that the turnaround of Canada's public finances is not the work of the federal government alone—it is a national accomplishment. The provinces and territories significantly improved their financial situation too and continue to do so. This is why the total deficit in the government sector should improve considerably in Canada, compared to the other countries in the G7.

[*English*]

I want to return to a key point. Our federal deficit improvement has been overwhelmingly achieved through cuts in program spending instead of boosting the tax burden.

An hon. member: Higher taxes.

Mr. Campbell: The member opposite talks about higher revenues. He is against a growing economy.

In 1998-99, federal program spending will have fallen for six consecutive years in absolute terms. Look at the figures. As a percentage of GDP, government revenues have been outstripped by cuts in spending by government. In fact in 1998-99, federal program spending will have fallen for six consecutive years in absolute terms and it will be almost 14 per cent below its level in 1993-94.

This progress on the deficit front has a vital carryover to our federal debt. It will translate into the first significant decline in the federal debt to GDP ratio since the mid-1970s by over three full percentage points over the next two years.

This is being achieved by cuts that are reasonable, that the Canadian people are able to absorb and that they are supportive of. They are cuts that are not gutting the vital social programs of this country and they are not gutting this country in the process. Our approach has emphasized action inside government. There were no increases in personal income tax rates. In the 1997 budget there are no tax increases whatsoever.

There is another way to underscore this point. Of the cumulative fiscal actions we will have taken in the last three years, almost 90 per cent have been expenditure savings.

The bottom line is that we have reformed the entire structure of program spending. Our approach has been balanced and one that

recognizes two critical interrelated goals. It is not good enough just to get our fiscal house in order in a way that is sustainable. We also have to make sure that our approach advances our economic growth and job creation objectives and strengthens social well-being.

As the Minister of Finance said in his budget speech: "The responsibility of government is to do more than just balance the books". That is why, in line with our financial improvement, the 1997 budget announced targeted initiatives to further advance our economic and social priorities.

[*Translation*]

In economic terms, we are investing in tourism, small business and rural development. Each of these sectors offers significant job creation possibilities.

In a world where economic and technological change moves exponentially, we must build the foundations of tomorrow's jobs and competitive advantages. This is why we are also investing in higher education and innovation—through a foundation with \$800 million in funding to support projects in the areas of science, engineering, health and the environment.

• (1555)

[*English*]

Further, our government remains committed to the fact that a strong economy is built on a strong society and a strong society is one that cares for those in need. Surely this is a fundamental *raison d'être* for government itself.

Our deficit reduction plan has not been a smoke screen for government withdrawing but for continuing to be able to stand alongside Canadians. We are providing new support to strengthen the health care system. We are moving with the provinces toward a more effective national system of assistance to low income families with children. We want to put an end to the welfare trap where families can end up worse off by returning to work.

These investments have been carefully designed so that our fiscal targets are not in any jeopardy. Nearly 80 per cent of these initiatives take the form of targeted tax relief rather than increased spending.

Even with our new measures, the level of program spending in 1997-98 and 1998-99 will still be lower than what was projected in last year's budget. The members opposite must be sitting there asking: "How do they do it?" We do it with reasoned and prudent action in the interests of Canadians.

I focused most of my remarks on our fiscal success. Let me repeat that financial turnaround is itself an investment in some-

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thing bigger: the economic future of our country and its ability to provide Canadians with jobs and growth and preserve valuable social assistance.

Because time is short, I am going to conclude. There has been a repetitive mantra through my remarks, that results are or will be the best ever. That only reflects the magnitude of the fiscal and economic turnaround that hard work by Canadians and tough choices by government have won us.

It is easy to forget how dismal the prospects were when we came to office in the fall of 1993 and how concerned all members of the House were about where we would be three years hence. The economic challenges were formidable, but our resolve has been firm, our plan consistent and concrete. As a result our economic and fiscal fundamentals are strong and are improving. We will not let that progress falter because it has not been a goal in itself but a means to ensure that Canadians have a strong and vibrant economy that provides long term jobs and a society we can be proud of because it does not deliberately leave anyone behind.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I am dismayed to hear the parliamentary secretary speak about a government budget defended by building strawmen to hack down. Is that all this budget is about?

He talks about what Reform has done. It is the Liberals who have hacked billions out of our social programs, out of our health care system and then before an election gives back a few thousand. That is the nature of this budget and that is why we are so disappointed.

In terms of health care there is not going to be any improvement from this budget in the six hospitals in my constituency nor in the hospitals in the outlying areas. This is a shadow budget.

The parliamentary secretary spoke about the friends of Reform and that Reformers want to reduce spending for their friends. That is true. But let me tell the House who our friends are.

Our friends are the ordinary Canadian people who want jobs, who want medical care when they need it, who want the freedom and opportunity to earn their living and to enjoy the fruits of their labour. Our friends are the Canadian people who reject the Liberal determination that the government can care for them, can take care of capable people better than those same capable people can take care of themselves. These are our friends. It is true that we want to reduce spending on their behalf.

• (1600)

Why does the government continue to promote the philosophical idea with the budget that Canadians must continually sacrifice and serve the needs of government when what they need is a government that will simply and unobtrusively serve the Canadian people?

Mr. Campbell: Mr. Speaker, talk about rhetoric. It is really incredible. My copy of the taxpayers' budget in brief is getting sort of dog eared. It is interesting reading. When I look through it, it is really incredible.

Reformers suggest they have a better way. Let me explain their better way. Their better way has been called slash and burn. Their better way would gut the very programs we are saving and preserving for Canadians, for instance the CPP, support for seniors, the employment insurance program. Their broad and dramatic cuts would have kicked in by now if their budget had governed the country over the last three years. Instead we have had a reasoned, prudent and balanced approach and this country has survived enormous sacrifices.

I would like the member opposite to come to my riding and talk to people who have shared the pain with other Canadians of the cuts we have made and tell them that they should be cut deeper and longer to make the same achievement faster than we are making prudently in a reasoned and measured way which Canadians support because it supports their values.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I enjoy debating the budget with my colleagues from the other side. There seems to be a great deal of misconception by them about what they are actually saying and about what Canadians actually want to hear.

The member talked about how we would gut programs. But look at the estimates that were tabled this morning. This very morning we learned that the Liberal plan for the Canada health and social transfer to the provinces involves a decline from \$14.9 billion to \$12.5 billion, a reduction of \$2.4 billion. That is about 18 per cent that they will gut out of health care. They will throw a few peanuts back and think they are doing everybody a service.

We listened to the parliamentary secretary tell us about his deficit targets: 2 per cent this year, 1 per cent next year, zero per cent the following year. When I take a look at "Getting Government Right: A Progress Report", page four, table one, they are talking about a balanced budget next year. Mr. Speaker, I know you are rather sensitive about these comparisons but there is a clear contradiction between what the parliamentary secretary is saying and what their publication from this morning is saying.

I can hear it now. At election time they are going to say: "Hallelujah brother, we've got a balanced budget coming down the pipe. Vote for us". The smoke and mirrors and the spin doctors are at it already.

Let us find out how they are gutting business. Their figures from the estimates tabled this morning show a surplus of \$6 billion in the employment insurance fund last year. The projected surplus next year is \$5.6 billion.

The infrastructure program, which was going to create all those jobs, jobs, jobs was a \$6 billion municipal infrastructure program

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that put new canopies on town halls and built bocce courts and so on. They have quietly sucked out of business—that great sucking noise of jobs disappearing down the drain—\$5 billion next year and \$6 billion last year. That is gutting business.

I have a final point on the hypocrisy of this government. I remember December 11, 1995 when the Prime Minister stood up in the House and said that we are going to pass a motion in this House that says that “we recognize that Quebec’s distinct society includes its French-speaking majority, unique culture and civil law traditions, and we undertake to be guided by this reality. We encourage all components of the legislative branches to take note and be guided in their conduct accordingly”.

• (1605)

My question for the parliamentary secretary is this. Can he tell us how the motion passed by an order of the House is reflected in the budget and in the estimates tabled this morning?

Mr. Campbell: Mr. Speaker, let me take the last part first because it is easy. The hon. member opposite asks about the motion. This budget is in the interest of all Canadians.

Let me come to the substance of what he was saying. I have many numbers in front of me from their budget which, not surprisingly, do not add up.

I guess I cannot comment on who is here and who is not, but I wish the member could hear this. On March 1, 1995, the member who just spoke but who is not here to listen supported a subamendment to the budget that asked that the budget be defeated because it failed to eliminate the deficit quickly and decisively enough.

Mr. Williams: Mr. Speaker, I rise on a point of order. We have a rule in this House that says that members cannot note the absence or presence of others. The parliamentary secretary made reference to my not being here. I am here.

Some hon. members: You weren’t here.

The Deputy Speaker: The member will know that the Speaker and I were discussing something very important no doubt. I did not realize that the member was not here. I would ask members not to refer to the absence of any other of their colleagues.

Mr. Campbell: Mr. Speaker, where I come from we have a courtesy that we do not turn our backs on each other when we have asked somebody a question. On March 1, 1995, the member opposite voted in support of a subamendment on the budget saying that it should be defeated for its failure to eliminate the deficit quickly and decisively. In other words, more cuts, deeper cuts than the ones he is criticizing right now.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise today to speak on Tuesday’s budget. I rate the finance minister’s performance an F.

Some hon. members: Oh, oh.

Mr. Silye: Yes, an F, not for everything that is in the budget but more for what is not in the budget. Some of the members opposite will chuckle and laugh at this but yes, he rates an F. I know he thinks the whole world is in love with him and he can walk on water but he only deserves an F.

He gets an F for failing to recognize the real problem: the debt and the interest costs to service that debt. We are headed in the right direction by reducing the deficit but the finance minister gets an F for the inconsistent application of fundamentals, for not acting quicker on spending cuts like doing them in his first year, and for not making spending cuts in other areas, not just in the Canada health and social transfer and defence.

He took \$7.5 billion out of direct aid to health, education and welfare. Yet he brags about the Liberals’ philosophy of caring and sharing with Canadian society is the be all and the end all to the Canadian public. Only Liberals know how to serve the Canadian public. None of the opposition parties know. The Liberals have knifed, slashed, scorched, burned \$7.5 billion out of health, education and welfare. That is too much.

We say in our fresh start program that we need to reinfuse, reinject \$4 billion into health and education. Where do we get this money? We get it from reallocation of the existing budget and by reducing spending in the area of direct grants and subsidies to business by \$2 billion. The elimination of regional development grants are close to a billion dollars. Also, savings through prioritization could generate another billion dollars.

Do we really need another infrastructure program? All provinces, including our so-called ideological cousins of Alberta and Ontario, the Conservatives, have been duped. I say to Mr. Klein and to Mr. Harris: “Wake up”. What the infrastructure development is all about is fighting over budgets: one-third, one-third, one-third. The federal government has convinced the provinces that they are paying for one-third and that the other levels of government get two-thirds leverage. Whichever they are, the other two levels pay the two-thirds.

• (1610)

The premiers should wake up. They are forgetting there is only one taxpayer, whose high level of taxation will remain high if politicians keep spending on untimely and unnecessary projects.

I am not against infrastructure. It is important. That is why taxes are paid. Alberta has a surplus. It should apply the surplus to the infrastructure and the social services that are needed without adding to the debt, without borrowing from the federal government, which in turn borrows from taxpayers, which keeps our taxes too high.

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The federal government is simply buying votes and the premiers and mayors of the country who participate are willing accomplices.

This good but not great finance minister has raised tax revenues by \$24 billion. He has not done that by raising the personal tax rate but by broadening the personal and corporate tax base and not lowering the rate. Yes, he gets an F for not coming clean with the Canadian public. He has raised tax revenues. He gets an F for saying he has not raised taxes.

He has reduced overall spending by \$14.2 billion. By next year it will be \$16.5 billion. However, he has increased spending by adding \$100 billion to the debt, thereby adding an extra \$8 billion per year to the annual interest cost to service the debt which will now stand at \$46 billion. The government came in four years ago at \$38 billion. The finance minister gets an F for not telling Canadians that this interest cost could jeopardize their future needs.

The interest cost is the cancer that is killing and shrinking the money which is available for our social safety net. The finance minister gets an F in finance for misdirecting, for three years, the public's attention solely to the deficit and creating the very false illusion or impression that once the deficit is under control we will have greater flexibility and prosperity will be around the corner. For heaven's sake, the finance minister has concentrated on the deficit for too long and used strong rhetoric for so long that the editorial board of the *Toronto Star*, that wonderful paper, asked: "What is the finance minister going to do with this windfall of \$7 billion that he is ahead on his deficit target?" They want him to spend that \$7 billion.

This government came in with a \$38 billion deficit, inflated it to \$42 billion, blamed the Conservatives, and has now reduced it to \$19 billion. A \$42 billion deficit is awful. It is bad. But a \$19 billion deficit is awful. It is just as bad. The whole point of the matter is that we have to start to create a surplus.

If we do not reduce the debt, what will happen? What if the interest rate was 9 per cent today instead of the 4.5 to 5 per cent we are paying? What would our interest payment be? I shudder to think of it. That interest payment would be much higher than \$46 billion. It would force Canadians to sacrifice much more than they are now. The finance minister gets an F for not sharing these possibilities with Canadians.

The debt to GDP ratio is important. It is more important than the deficit, yet we have spent four years arguing about the size of the deficit. What a shame.

If the debt is not reduced, interest costs could skyrocket and really blow a hole in our economy. So we continue to live in fear

and uncertainty, which is why our economy stumbles along at a 1.5 per cent to 2.5 per cent growth rate per year. Now the Liberals are trying to tell Canadians that is a great growth rate, it is fantastic.

If we created surpluses in the budget we could service some of the debt, the economy could grow at 4 per cent or 5 per cent. That is growth. That is when opportunities would create jobs.

He gets an F because he has not created or developed a business plan like the province of Alberta. That business plan should be published with the budget estimates, which would justify each and every program expenditure. It would not just say, "here is what we spent". It would be a business plan which justifies why the government is spending on infrastructure, why it is spending so much on health, why it is spending so much on agriculture, and for what purpose, and why it is supporting the wheat board and what the wheat board is doing. It would be a business plan.

• (1615)

Then we will find out that maybe we should not be involved in these areas and leave it to the provinces. Then the provinces can do the same thing. Maybe they should not be involved. They can leave it to municipalities and stay out of those jurisdictions. That is another big, huge saving.

He gets an F for not applying this financial acumen to his budget. He gets a huge F for his failure to recognize that if on the one hand we cannot lower personal tax rates during a deficit period, even though he claims to have broken the back of the deficit, how is it that we can increase spending, as he just did in Tuesday's budget by a couple of billion dollars? How is that? Are they not one and the same? One is when we spend there is a possibility of a return that would flow through the economy, but so does a tax break.

Finally, he gets an F for the contradictions and inconsistencies in applying his financial values. CPP has problems. CPP has to be corrected. There is no question. But he has changed it, he has panicked, he has over reacted. A 70 per cent increase is too much. There is a \$39 billion surplus in that fund and yes, we take out more than we bring in on a pay as you go basis, but there are some other solutions.

He has an EI surplus of \$5 billion, soon to be \$9 billion, which belongs to the provinces, but the government only pays the provinces once a year. On the backs of the unemployed he is lowering that deficit and that is not right. He gets an F.

There is another F for going against generally accepted accounting principles. He did it last year with that billion dollar bribe—I am sorry, Mr. Speaker, with that billion dollar payment to the provinces on a plan for the harmonization which comes into effect April 1 of this year. There was only a letter of intent signed prior to March 31 of this past year. According to the auditor general that

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was borderline. This year he is doing it again on investing in the Canada Foundation for Innovation.

He is charging off \$800 million to year ending 1997. Is their a contract? Did the provinces sign? Do they know how to spend the money? Who gets the money? How can he do that? Against generally accepted accounting principles he is setting a bad precedent. He is playing "Monopoly" with the accounts of this nation and it is not right. He gets an F for going against generally accepted accounting principles.

He says he did a great job of cutting. Of the \$14 billion to date he gets an F because over half of it has just been downloading on the provinces and he has not looked at his own programs.

The department of defence has been the best run department. It has done the best job of analysing, doing a business plan, making the cuts, privatizing and then what is left is to serve the Canadian public. Why can we not do that in Revenue Canada, that over bloated, over intrusive department of \$2.2 billion in costs and 40,000 plus civil servants? It is way too big. Why can we not cut that down? But no. The finance minister gets an F on this budget.

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, I welcome this opportunity to make comments on my friend's comments. I remember one of the first times I stood in this House I was sitting in the rump. I said to the hon. member that it seems like some of the most reasonable people come from Calgary. Of course, I excluded from those comments the leader of the third party. It seems to me when we get to the next election—

The Deputy Speaker: On a point of order, the member for St. Albert.

Mr. Williams: Mr. Speaker, I think the hon. member is making disparaging remarks against the leader of the Reform Party and I would ask him to withdraw.

The Deputy Speaker: The language used was not unparliamentary. Unfortunately a great deal of what is said in this House is criticizing other members and unfortunately that is still allowed. The hon. member for Waterloo has the floor.

Mr. Telegdi: Mr. Speaker, I am amazed that the member opposite cannot even accept a compliment given to a previous speaker and would stand up and complain. I am quite surprised.

Be that as it may, I did make a comment that there were those three reasonable members and unfortunately none of them will be running in the next election.

• (1620)

Let me raise some points with regard to the speech. The member mentioned, for instance, that somehow Ralph Klein and Mike Harris were being conned into the infrastructure program and it

was a waste of money. The member knows I come from the federal riding of Waterloo and I have two excellent universities in my riding.

I would like to tell the member that when we invested in infrastructure, and part of the investment in infrastructure went to the universities, we invested in the future of our young, in our future work force, so we can compete worldwide and win. Instead of saying that the Minister of Finance gets an F on that, the Minister of Finance gets an A.

Let me further tell the hon. member that at the present time in Waterloo, the University of Waterloo supplies the greatest number of workers for Microsoft in the United States. Surely the member would understand that having Canadian graduates go through taxpayer funded universities in Canada and ending up working in a high tech job in the United States—

The Deputy Speaker: The hon. member's time has expired.

Mr. Silye: Mr. Speaker, I am not sure if I heard a question in there but I think I have a general idea of where the member was going.

I do believe infrastructure is very important. I did not say it is not important. It is one of the first areas we should spend the Canadian tax dollars we collect but it is when you spend it and how you spend it. It is an admission of failure by the three levels of government when all of a sudden because the federal government announces a plan they say that they have bridges to fix and roads to pave. For example, the mayor of Ottawa wants as much as she can get out of this infrastructure to build a hotel here. That is not what infrastructure money is for. It is more in the private sector.

The same for Calgary when they spent \$9 million on the Saddledome. That was not what the infrastructure should have been for. That should have been done by private sector. What happened to the private sector? What happened to the risk reward relationship? As politicians if we get embedded with the private sector there is going to become a conflict of interest. They are not going to be able to say no. Which companies do you help? Then the marketplace is distorted.

The \$800 million plan for the Canada foundation of the Network of Centres of Excellence is a good way to spend that expenditure money. It will be spread out over time, it will not all be in the 1997 budget but yet it is included in here. That is why I say it is against generally accepted accounting principles. Unless there are signed agreements with everybody on the \$800 million, and I hope there is and I am sure the auditor general will let us know whether there is or not. Fudging deficit numbers just for the sake of the deficit is creating an illusion that we have money to spend. We do not. A deficit is a minus, albeit a \$19 billion minus is a lot less than a \$42 billion minus and it is a big improvement.

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I compliment the government for reducing the deficit but I criticize the government and give it an F for not doing it sooner and faster when it knows the real problem is the debt. The finance minister gets an F because his rhetoric does not match the reality. The reality is that he took \$7.5 billion from the poor for education and hospitals.

Look at what Ontario finance minister Ernie Eaves said. He said "they took away \$2 billion and now they are going to give us back \$200 million". He is mistaken if he thinks that \$200 million that this government is giving back, both for infrastructure and on the social services, is coming soon and without strings attached, without rules as to how he has to spend that money. This fight is not over. He said he wants to help the disabled, the students and he lays out a big program but it is spread out over three years. Two-thirds of the money if not more is after the next election.

• (1625)

The biggest scam of all and the one I am going to predict right now is the one which will happen in the next federal election to be called for June. After the election has been called for June and after we hit the year ending March 1997 we will have a projected \$19 billion deficit. It is not a \$19 billion deficit. He knows it is not a \$19 billion deficit. He could have said that as of today it is only \$17 billion but he is not going to. He is actually going to announce a \$16 billion deficit. He can now do a tax relief and he can promise this and that.

This finance minister gets an F for not matching the rhetoric with the reality.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I am pleased to rise to present my views on the budget that was presented by the Minister of Finance the other day.

Perhaps I will widen the debate to include some remarks about the Canada pension plan. I know the Minister of Finance will say that is not in the budget figures, therefore it really does not matter. We all know that last week he announced an increase of 70 per cent on CPP premiums. That is going to take \$10 billion a year out of business.

I remember in the last election how the Liberals ran around trying to drum up votes by saying "we will create jobs, jobs, jobs through a \$6 billion infrastructure program". Well, good-bye infrastructure, good-bye a \$6 billion incentive for business because now they are going to suck \$10 billion out of the business world.

That is why I think we should be using Ross Perot's words, the great sucking sound of jobs disappearing, not down to Mexico as in the case of Mr. Perot, but sucking out of our economy because the Minister of Finance is sucking this money out of the pockets of business.

Let us take a look at the seniors benefit. Let us take a look at what Minister of Finance is actually talking about for seniors. Not

only is he going to kill these jobs with the 70 per cent increase in premiums, but, as I said earlier today, the old age security is going to be gone. It is going to be killed, finished and gone forever.

Guaranteed income supplements that many people have relied upon in this country will be gone. In the year 2001 they will be finished and gone forever.

Seniors have been given a \$3,500 tax free allowance on top of the basic exemption. That is gone courtesy of this finance minister; gone, killed, finished forever.

Seniors have been entitled to the first \$1,000 of pension income tax free. Let me tell this House that tax free exemption is going to be gone, absolutely finished courtesy of the Minister of Finance.

He has the gall to stand up in this House to say he is going to replace it with a seniors benefit that is going to make everybody happy. Let me tell this House about the seniors benefit that he thinks is going to make everybody happy.

If a person has any income besides the seniors benefit, and let us talk about a senior who only has the seniors benefit and Canada pension, nothing else in the world, the Minister of Finance is going to take back half of the Canada pension plan.

It has to be a national disgrace that he can stand here and say this is good for seniors when he is going to take back half the Canada pension plan and all they have is a seniors benefit and Canada pension plan.

Then he has the gall to stand up and say Canada pension plan premiums are an investment, when no one will even be able to collect the Canada pension plan when they retire. That is the way this government is trying to balance the budget. It is through deception and through misleading senior citizens into thinking everything is going to be okay, but it is not.

Universality that was brought in by the finance minister's father is going to be destroyed by finance minister junior. That is the way it is. There is no universality any more. It is gone courtesy of this Minister of Finance. That is the legacy that he is giving to Canadians.

• (1630)

I look at the flowery words in the budget speech and I refer to the bottom of page 17 where it states: "Reforms to both the Canada pension plan and the seniors benefit fully protect all current seniors". If we read it fast it sounds pretty good but I draw attention to the word current, all current seniors. There is no word about seniors to be, no word about the working people who have to pay more to collect less. With a little sleight of hand a little word is slipped in. It is grammatically correct but when we look at the real meaning behind it we will find that seniors, the people who will retire in the future will get a lot less after having paid a lot more.

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I talked also about the employment insurance and the scandal that is being perpetrated on the business world of this country. This morning the estimates were tabled. In part III under Human Resources Development Canada at the bottom of page 52 I see for 1996-97 a \$6 billion surplus and the projected surplus for next year is \$5.656 billion.

That is a travesty because the employment insurance fund is supposed to be self-sustaining to help people who lose their jobs when the business cycle is down. It is not an extra tax trough for the Minister of Finance. The minister said: "I am not raising taxes". Of course he is. He should not under any circumstances whatsoever maintain the EI premium where it is because of the huge surplus he is squeezing out of business.

The minister came out with a little sum for the young people, the university graduates saying: "I am going to spend a couple of hundred million dollars to try and get you a job". At the same time he is taking \$6 billion out of the business world so that they cannot get a job. Note the numbers.

I look at pages 10 and 11 of the budget and how the numbers are glossed over. On page 11, payroll taxes, the minister said: "When we came to office, we acted immediately to stop EI premium rates from rising". Well maybe he did, but he certainly did not bring them down as he should have. While he says he is going to bring them down, it will not be for another year so that he can squeeze this money out of business and stand in the House again to say: "Boy, I am doing a great job". Business bankruptcies are at a record high; personal bankruptcies are at a record high; 1.5 million people are out of a job; and one in four working Canadians fear for their jobs because he is sucking \$6 billion a year out of the business economy.

What about the health and social transfer? Government members stand in the House and say: "We will protect medicare". Protect medicare, my foot. Compare the figures for this year to those for last year and again the figures are taken right out of the estimates. The transfer for 1996-97 is \$14.9 billion. That is a lot of money. Not as much as the government used to give, but it is still a lot of money. However, next year it will be \$12.5 billion, a drop of \$2.4 billion.

That affects a lot of hospitals. That is a lot for medicare. That is a lot of nurses and doctors who could be looking after the people in this country who need help. For the elective surgery that does not get done, \$2.4 billion buys a lot. It is not being bought and it is not being provided. People are doing without because the government is keeping back \$2.4 billion so the Minister of Finance can say: "Boy, am I doing a great job".

Perhaps the deficit is coming down, but he could bring it down even more. However the Liberal tendency is to spend every nickel they can find. The minister cannot keep his fingers off any money

that might be available. I look at page 16 of his budget speech where he said that he intends to spend 25 per cent of any excess over projections so that he can blow it away on little Liberal programs that are going to buy votes in the next election.

• (1635)

Let us remember that the excess over the budget predictions, the deficit having come down faster than he predicted, was accomplished strictly on the backs of businesses and taxpayers. Now that he has squeezed more money out of them than he had originally anticipated, he is going to take 25 per cent of it to buy votes at the next election. It is despicable.

My friend for Calgary Centre gave the finance minister an F for failing to deliver a budget with integrity; for failing to deliver the kind of budget which Canadians deserve; for failing to deliver jobs; for failing to deliver health care; for failing to deliver education; and for failing to look after our seniors.

That is how I feel about this budget.

Mr. John Harvard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I have been listening intently to the member for St. Albert. He made some rather negative comments about the Canada pension plan. I would invite the member to come to one of the several senior citizens homes in my riding and say the denigrating things that he has said about the Canada pension plan. I am wondering how long he would last in a senior citizens home.

Elderly men and women worked hard to build this country. They worked hard to support the Canada pension plan. They contributed a considerable amount of their own wealth to the Canada pension plan. The very last thing they want is for some government to abandon their hopes and the Canada pension plan.

The word from the senior citizens of this country to the government has been very clear: "We want you to secure the Canada pension plan. We want you to secure the future of the Canada pension plan. We dare you to destroy the Canada pension plan. We dare you to weaken the Canada pension plan".

Government members have listened to those people and we have responded. We have done exactly that. We have secured the future of the Canada pension plan. We have done that because Canadians have told us that we must show that we have a social conscience and that we have a collective responsibility to each other, which is totally unlike the Reform Party of Canada. That party believes in a kind of pernicious individualism; everybody for themselves; the law of the jungle, that we do not care for each other.

Those are not our values. They are not the values of Canadians. They are certainly not the values of the elderly citizens of this country. We support the Canada pension plan.

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Of course the Reform Party neglects to say that the contributions to the CPP will be increased over a period of six years. The premiums have been increased because we want to secure the future of the CPP. That is exactly what we have done.

Mr. Williams: Mr. Speaker, let me say to the hon. member that I would be more than glad to visit the seniors in his riding. However, if I went to explain the Liberal policy, I feel that I would not last too long in that senior citizens home.

This is the Liberal plan which was announced by the Minister of Finance a year ago. This is not a Reform plan. It is not my plan and it is not the plan of the parliamentary secretary. This plan was announced by the Minister of Finance. Let me go over it again.

Old age security is completely gone. The guaranteed income supplement is gone. The \$3,500 tax free for seniors is gone. The first \$1,000 of pension income for seniors is gone. These four things are gone completely. In their place will be a seniors benefit.

• (1640)

I explained it before but in case the parliamentary secretary did not get it quite clear, let me say it again. If the retired people in the seniors home in his riding only have the seniors benefit and Canada pension plan, the Minister of Finance will take half the Canada pension plan. That is the Liberal proposal. That is why I would get run out of that seniors citizens home if I started to explain Liberal policy.

The parliamentary secretary stands and says: "We secured the CPP". Let me also say that he secured the MPPP, the MPs pension plan that he participates in and which he has secured for himself. It will pay tens of thousands of dollars to him each and every year while the government will pay a mere pittance to other seniors which it will tax back if it ever thinks they are going to make any money. But there is no clawback and no tax back on the MP pension plan. Oh, no. We would not want that would we?

The member stands and says that he has secured the pension plan. He has secured a better one for himself, a lot better for himself, a great deal better for himself. We have heard of the tens of thousands of dollars that some MPs are going to collect. That is the hypocrisy.

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, I will be sharing my time with the member for Mississauga West.

It is a great pleasure to rise in my place today to speak in support of our government's 1997 budget. This budget reflects the very values and institutions that we cherish as Canadians. It highlights our commitment to health care, to improved access to education and training opportunities, and to working to improve the well-being of children and our young people.

It is a budget that underscores the principles of fairness and putting people first. It contains important measures that will give more Canadians the opportunity to participate fully and actively in the life of our country. This is not just a Liberal budget, it is a budget that we as Canadians can be proud of.

When our government took office in 1993, the nation's finances were in disarray. The deficit stood at \$42 billion, unemployment was at 11.4 per cent and the very future of our social programs was under threat. What a difference four years have made. This year our deficit will be no higher than \$19 billion and in 1998-99 our government will no longer need to borrow new money from our financial markets. In short, we are regaining our financial sovereignty.

The people of my riding of Annapolis Valley—Hants have made sacrifices over the last few years in the name of deficit reduction. All Canadians have been made to do with less in terms of federal programs and services. Many of my constituents have reminded me that deficit reduction does have a human face. They have said: "If you cut programs indiscriminately, real people and families will suffer". That is why I am proud of our government's approach to deficit reduction. By moving at a responsible pace, we have dramatically reduced our deficit while preserving Canada's social safety net.

I have always seen our deficit reduction efforts as a means to a greater end. While we must continue to follow a path of fiscal prudence and responsibility, we can now see a light at the end of the tunnel. We now have a certain amount of flexibility to invest in the future of our people and in the future of Canada.

Let us take a moment to look at the troubling level of child poverty and how this impacts upon Canada. Last December I had the opportunity to participate in a prebudget debate in this House. At that time I joined with colleagues from all sides of the House in stating unequivocally that the rate of child poverty in Canada was unacceptably high.

• (1645)

Too many Canadian children are not getting the start they need to become healthy, happy and productive adults. This is not only a personal tragedy but is a loss for a nation as a whole. Our government is taking important steps to address these problems.

As the Minister of Finance announced in his remarks on Tuesday, our government is committed along with our provincial counterparts to a new cross-Canada child benefit system. We will increase federal spending on children by \$850 million by July 1998. This includes \$600 million of new money on top of the \$250 million announced in last year's budget.

Under the new approach the new Canada child tax benefit will go to all eligible families, those working and those on welfare. That will allow provincial governments to take some of the money they currently spend on welfare and redirect it into the services and programs for working poor families, such as in the area of child

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care. As the Minister of Finance also said in his budget speech, there can be no more worthy effort than a new partnership on behalf of Canada's children.

I also want to endorse our government's hundred million dollar commitment to two important programs. I am referring of course to the community action program for children and the prenatal nutritional program. I have seen firsthand the benefits of proactive early childhood health programs. I can say unequivocally that these programs are truly making a difference for children and families across Canada.

In the months leading up to the budget I worked closely with the Nova Scotia Association of Family Resource Projects in its effort to create greater awareness and understanding of the benefits of this type of programming. I brought its concerns to Ottawa and to this House. I am pleased that the government is responding to the needs of Canada's children.

I want to take the opportunity to thank all of those front line workers and volunteers who work so diligently to make these programs successful both in Annapolis Valley—Hants and in the communities across this country.

Our commitment to health care does not stop there. Our government will also provide \$150 million over the next three years to help the provinces put in place projects that will enable them to test new ways in which our health system can be improved. Projects could include new approaches to home care, drug coverage and other innovations.

Prior to entering the field of politics my entire working life was spent in the health field. I know that health care ingenuity has excelled in my riding. I also know that when it comes to new ideas and better ways to deliver health care services the professionals and the citizens living and working in Annapolis Valley—Hants will rise to the forefront.

I would like now to turn for a moment to discuss the important topics of jobs and growth and particularly our efforts in rural Canada. Annapolis Valley—Hants, as the House knows, is predominantly a rural riding. Those of us who live in rural communities face unique challenges as we work to preserve and enhance economic opportunities.

I was pleased therefore to listen to the Minister of Finance as he committed our government to ensure that rural Canada has every opportunity to fully participate in everything this government has to offer. Let me show some of the facts.

Our government is making a \$50 million investment in the Farm Credit Corporation. We are investing \$45 million over three years in the Canadian Tourism Commission. We are contributing an additional \$30 million to the community access program. Our

government is raising the ceiling under the Small Business Loans Act from \$12 billion to \$14 billion and we are reducing the paper burden for small businesses by allowing many of them to file quarterly reports rather than monthly reports.

This will greatly reduce their costs, their time burden and they will be able to hold their money longer.

• (1650)

All of these measures, combined with the initiatives such as the extension of the infrastructure program, the \$350 million youth employment program and the extension of the residential rehabilitation assistance program, will effectively respond to the challenges facing rural Canada and allow for more innovation and growth, both in my riding and in communities and businesses across this country.

Knowledge and education are the key to long term economic success for any nation. This is again part of the infrastructure that we are investing into as government. Our government recognizes that by investing in education and innovation now we will see a tremendous payback over the long term.

Last November I attended a student rally at Acadia university in my riding. At this event many students told me that one of the greatest problems they faced was a growing personal debt burden. I brought these concerns back to Ottawa and joined with many of my colleagues here in addressing the question how to help students and families cope with the costs.

Our government has taken a number of important measures and as a result of this budget federal support for post-secondary education will increase by \$137 million in 1997. We are doubling the annual contribution limits for the registered education savings plan. We have introduced provisions to allow students to carry forward unused education credits indefinitely. We are doubling the educational tax credit and we have extended interest relief on student loans for those who are unable to make their payments from 18 to 30 months.

As well, our government is establishing the Canada Foundation for Innovation. I believe this program is tailor made for Nova Scotians and institutions such as Acadia University, pharmaceutical companies and health institutions, all of which are in my riding. This program will help Canada's research infrastructure.

This budget builds on our previous efforts and sets a clear course for a brighter future. A course that will—

The Deputy Speaker: The hon. member's time has expired.

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I listened carefully to the comments of the member for Annapolis Valley—Hants.

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Naturally, since he is on the government side, he is trying very hard to sell that budget to Canadians.

I would like to ask if he feels comfortable knowing that the Minister of Finance's deficit reduction, his great accomplishment, has been achieved thanks to the \$5 billion cuts in unemployment insurance and the \$4.5 billion cuts in transfers to the provinces.

He speaks about the measures implemented by the government, but we say they are a mere pittance, nothing but election goodies. He speaks about farm credit, but I must remind the House that farm credit does not mean grants; it means credit and therefore, debt. The figures represent loans and not costs for the government. The government simply makes the money available, but the amounts have to be paid back.

As far as students are concerned, I was in charge of the youth portfolio until a few months ago and I can tell the House the situation for young people is appalling; they are loaded down with debts. What measures is the government taking? It is giving the students more time before they have to start paying back their loans. That will not solve the problem of student debt, it will not help reduce the high number of student bankruptcies in Canada. There is something missing and that something is job creation.

I wonder if the member is comfortable with that idea. He comes from a rural area and he must realize that, in the end, most of the cuts were made at the expense of the provinces and the needy.

[English]

Mr. Murphy: Mr. Speaker, I thank my colleague for the question.

He talks about the deficit. We need to get that deficit down. If we did not get that deficit down more we would have had to do more cutting in our transfer payments. That is a given.

We have started to get it down. Because we have it down, we can now use our efforts of deficit cutting as a springboard to begin creating more opportunities for people, applying the budget more to the needs of people. We have done this.

• (1655)

He raises the question of the Farm Credit Corporation and \$50 million. It would be nice if we could have done more, but it is a beginning, a reinvestment, a turning around of some of the savings that people have struggled with to help the Canadian government to bring down the deficit.

Our farmers are very innovative. I do not know about the farmers in his area, but the farmers in my area are very innovative and they will be able to use the money to create more opportunities to build their businesses and hire more people. As an end result there will be more growth and more people will pay income tax.

We have a number of examples. In our budget we have tried to put in place springboard opportunities for people to get on with developing the economy.

I would ask the hon. member to take a look at those initiatives in a positive fashion.

[Translation]

The Deputy Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Parry Sound—Muskoka, rural development; the hon. member for London—Middlesex, housing.

[English]

Mrs. Carolyn Parrish (Mississauga West, Lib.): Mr. Speaker, it is my pleasure today to speak in favour of the Liberal government's 1997 budget.

This budget, the fourth of the Liberal government, is likely the one that defines the true nature of the Liberal government, balancing the needs of fiscal health with the concerns about key social issues.

Over the past three and a half years it is clear that the economic priority of the government is deficit reduction. We are the first government in history to have seriously attacked the deficit and wrestled this country's finances under control.

Previous governments talked about deficits while continuing to overspend. We acted. In 1993 our finances rivalled those of third world countries. We spent fully \$42 billion more than we took in, 6 per cent of gross domestic product. In fact, throughout its stay in office the previous Tory government was overspending its budget by approximately 30 per cent every year.

This year the deficit will be no higher than \$19 billion and by 1998-99 it is projected to stand at \$9 billion or about 1 per cent of gross domestic product. In four short years a balanced budget is finally within our grasp.

How did we work this magic, a magic that eluded the best Tory minds? We have stopped spending more than we earned. We cut government spending and began to live within our means. Canada is now on a clear path toward fiscal health and is the envy of most of the world's industrialized nations.

Renewed confidence in the Canadian economy has also helped to keep interest rates down, 19 reductions over the last 20 months. In the last year alone short term interest rates fell 5 percentage points. The prime rate is at its lowest since 1956. For the first time in more than decade interest rates are lower in Canada than they are in the United States.

Our current deficit reduction course has increased investor confidence, allowing interest rates to decline. Lower interest rates make it easier for consumers to buy homes and durable goods and

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for businesses to invest in new facilities, equipment and employees.

The economy as a whole is benefiting. Exports are at record highs, successive Team Canada missions have attracted \$22 billion in deals for Canadian business. Exports account for 37 per cent of our GDP. The importance of trade to this country's economy is more than obvious. It is estimated that for every \$1 billion in exports we have 11,000 to 12,000 quality jobs in Canada. In 1997 Canada's economy will grow faster and have a higher job creation rate than any other G-7 country, including the U.S. A sustained and successive attack on the deficit inspires world confidence, world trade and world envy.

Many have urged the government over the recent months to ease the purse strings and to announce major increases in expenditure. Some see the light at the end of the tunnel and want to start spending. I do not agree with these people. I believe that major spending increases at this time would send the wrong message to the international community and to the Canadian public. It would tell Canadians that the hard work we have invested into reducing the size of government can all be negated, that past efforts should be undone. It also threatens to undermine our deficit reduction strategy prematurely, quitting in the last hours of a long and tiresome job, a job that is not quite done. It would also cause many old Tory wags to nod sagely: "There goes those tax and spend Liberals again buying the next election".

• (1700)

The deficit battle has inevitably affected some more than others. It is our responsibility as good government and as good Liberals to respond to those affected. To this end, the government has targeted key areas for investment. It is this type of targeted funding that leads to real impact, real changes and real solutions to social problems.

Among the announced initiatives are increased tax assistance to students, the creation of a foundation to support research infrastructure, investment to aid in the reform of Canadian health care, an increase in the child tax benefit and an increase in incentives for charitable giving.

The time has ended for throwing money at problems. This fourth in a series of responsible budgets shows us government spending must be clear, concise, planned and focused.

From 1985 to 1991, I served as a trustee on the appeal board of education, several years as chair. At that time, budgetary pressures were beginning to set in and it was clear that new strategies would have to be adopted. During my stay, along with some other colleagues, I suggested the administration implement rolling bud-

get targets, setting spending goals at least two years in advance, not only as a constraint on board spending but as a realistic monitor of financial progress. We were unsuccessful at that time.

We have only to look at the current difficulties of school boards in Ontario to see where the lack of long term planning and preventive action have taken them. They have learned painfully that one can no longer live for today. One must continually plan for tomorrow, as the Minister of Finance has done.

Our current level of unemployment is still unacceptable. We should be doing better. But if there is anything we have learned in the last decade it is that throwing money into random job creation programs is not a long term solution. Governments cannot create jobs. They can create, foster and maintain the conditions necessary for a healthy economy in which the private sector can create jobs. In fact, our successful fiscal management has done just that.

Economists are predicting the economy will grow over 3 per cent in 1997 and 1998 creating between 600,000 and 700,000 new jobs over that period. In fact, since the government took office and put this country's finances back on track, the Canadian economy has created 715,000 new, primarily full time jobs.

Earlier I spoke of Canada as a model of modern economic change. Canada is making the most headway in deficit reduction and, at the same time, realizing the best job creation record in the G-7 this year. Government overspending leads to economic ruin. Fiscal management leads to economic growth.

There are other alternatives in this budget that I would like to talk about a bit more specifically. I have been supporting for some time now the idea of targeted tax reductions to benefit children. I was an active supporter of the recent private member's bills initiated by the member for Mississauga South both on increasing the child care expense deduction and creating a tax credit for stay at home caregivers.

Children need proper resources and proper care in order to flourish in this society. Any level of child poverty is intolerable. We must do all we can to improve assistance to children of low income families. This budget has proposed a spending increase in the child tax benefit of \$600 million annually in addition to the \$250 million announced in the 1996 budget. The budget will also enrich the working income supplement by \$195 million.

These measures are all specifically targeted to low income families to improve living conditions for Canadian children and give low income families the support they need to stay in the workforce rather than rely on continued public assistance.

The second area of particular interest is the voluntary and charitable sector in Canada. In 1995, I chaired a caucus subcommittee looking at government grants and contributions, primarily to

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the volunteer sector. Our committee met with many charitable groups, including the National Volunteer Organization and the Canadian Centre for Philanthropy. They realized that reductions in government grants and contributions were both necessary and inevitable as governments scale down across the board.

The committee agreed that scarce government funds should also be more specifically targeted and that reform of granting process was needed. The government should consider ways to stimulate private charitable giving while it continues to reduce direct funding.

This budget recognizes that the charitable and voluntary sectors in Canada are extremely valuable to our social well-being. While we cannot continue to provide increased direct funding to these organizations, we must make every effort to ensure this sector does not die.

The 1997 budget increases the amount of donations for which a person can claim a tax credit from 50 per cent to 75 per cent of income. Further, this budget has facilitated larger charitable donations, putting the Canadian system on par with the U.S.

• (1705)

We have also reduced the rate at which capital gains on charitable donations are calculated from 75 per cent to 37.5 per cent. These measures will encourage private charitable giving and ensure that the charitable and voluntary sectors in Canada have access to the funds they need to remain in operation.

Additional measures announced in the budget will address the question of accountability in Canada's third sector by giving Revenue Canada additional resources to ensure charities comply with the Income Tax Act and by increasing the availability of information filed by charities. These are measures which many of us have been calling for for some time.

For the benefit of my constituents, I would like to address the GST question. Over the past year I have proposed that the government should use the savings generated by its beating successive deficit targets—about \$5 billion—to reduce the GST by two points or 30 per cent. In fact, I have been saying that the government should make this reduction since the summer of 1995. I believe reducing the GST by one-third would stimulate retail spending and provide some relief to Canadians without undoing all of the hard work we have accomplished since we took office. However, the Minister of Finance took the time to personally explain to me why this will not work.

While we may be able to afford to do it in year one and year two, by year three we would not have the money to continue. In short, we cannot absorb the revenue loss. I accept his explanation.

I have always maintained that we should remain on our present course of deficit reduction. In fact, we have not saved \$5 billion. We are still paying off horrendous national debts.

As my responsibility to the constituents of Mississauga West I brought this proposal to caucus, I fought for it and I learned about its deficiencies. That is the essence of dialogue.

In conclusion, I would like to congratulate the Minister of Finance on yet another outstanding budget. I am pleased to have the opportunity to speak on its merits.

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, perhaps I will give the hon. member an opportunity to complete what she meant to say by asking my questions.

Listening to her, I felt she had great concern for the family and for children, which is laudable. I also heard her talk about her attempts to have the finance minister soften his position about the GST. I have some questions in this respect.

As a member of Parliament, is she sensitive to the requests of Bloc members who want to obtain for Quebec the same compensation, which would amount to \$2 billion, as that granted to the maritime provinces with regard to the GST? That was my first question.

My other question deals with the amounts provided for children. Does the hon. member think that another \$33 for every child living in poverty is enough? Will this really improve the situation of children?

It is all very well to talk about millions of dollars, but we know that 1.5 million children are living below the poverty level in Canada. That is a lot of people. We may sometimes talk about amounts like \$200 million, but when this amount is divided among all recipients, it does not look so impressive.

Therefore, I would ask the hon. member whether she is really satisfied and whether she really thinks that this will improve the situation of poor children in Canada.

[*English*]

Mrs. Parrish: Mr. Speaker, I thank the member opposite for his question.

As a parent, as a responsible Canadian and as a former teacher, any form of child poverty is intolerable. The Minister of Finance mentioned that when he presented his budget.

The 1.5 million Canadian children that live in poverty are a blight on all of us. However, the situation was not created overnight and it cannot be repaired overnight. The minister has made it very clear that it is a serious concern of the government. However, unless we get the deficit under control, unless we get the economy back in shape and get everything in order, there will be more than 1.5 million children in poverty.

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We are trying to do what good government does. It is a balancing act. It is repairing the deficit damage which will hurt more children, while slowly turning the corner to help as many children as we can.

It is a start and we will do much better as the economy gets stronger and stronger.

• (1710)

Mr. John English (Kitchener, Lib.): Mr. Speaker, I have a question for the member for Mississauga West. She has often commented on the GST. Could she comment on the Ontario provincial government's attitude and her own attitude toward the question of the GST?

Mrs. Parrish: Mr. Speaker, I welcome the opportunity to comment on the GST and Ontario's attitude toward it.

The government is working very hard to come up with a proper harmonization position with Ontario. I recall that the premier in Ontario said when he was running for election that the first order of business would be to come up with a harmonized tax with the federal government. He seems to have forgotten that promise so I am going to do all I can to encourage him to harmonize, as he should do so all the residents of Ontario can benefit.

[*Translation*]

Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ): Mr. Speaker, I am pleased to participate in this debate on the budget speech. As some of my colleagues might expect, I have a number of comments to make on the budget measures that impact specifically on persons with disabilities.

The budget tabled in the House by the Minister of Finance this week contains a number of measures aimed specifically at persons with disabilities. The Bloc Québécois will look at these measures to determine whether or not, in our opinion, the proposed measures meet the expectations of the organizations representing persons with disabilities and address to a reasonable extent the problems faced by persons with disabilities in Canada and Quebec.

Let me preface my speech on persons with disabilities by a few more general remarks. All observers agree that the budget tabled by the Minister of Finance this week is nothing but smoke and mirrors. The primary purpose of this budget is to be used as an election platform in the next campaign, to show all our fellow citizens across Canada and Quebec that this government did fulfil its commitments, so that it can, in all good faith, ask the voters to put their faith in it again and get re-elected.

In fact, the finance minister's budget is part of an advertising campaign launched by the government. Unfortunately, on closer scrutiny, we realize that it is misleading advertising. If the Minister of Finance, and his budget in particular, were subject to the Quebec

consumer protection act, charges could be laid for misleading advertising.

What we must realize about this budget is that, what is important in this budget is not what it says, what it does not say or anything that was said previously. We know that the budget before us is nothing but a good news budget, aimed at convincing our fellow citizens that the problems are solved and that the deficit will be eliminated within a few years, thanks to the government's efforts within its own administration.

The reality is that the cuts made to social programs in the past three budgets, the cuts made to transfer payments to the provinces, will limit the provinces' ability to meet the needs of the most disadvantaged and, as a result, make our fellow citizens poorer than they were when this government assumed power in 1993.

• (1715)

That is the reality. That is not what the budget says, but it is the reality. The government acknowledges this, because it acknowledges that today there are 1.5 million children living in poverty, 500,000 more than when it came to power in 1993. The measures announced, moreover, do nothing to solve this problem in any way. We shall return to this point.

Essentially, this is a smoke-and-mirrors budget, which has only one objective: to convince our fellow citizens on the eve of an electoral campaign that all of the problems are settled and that we are now entering an era of prosperity. Two days after the tabling of the budget, nobody has been taken in.

We saw the reaction of most analysts, and I am convinced that the public's reaction will be similar. These people realized that, even though the finance minister tears his hair out every day during oral question period, even though he whines a lot, the plight of our fellow citizens is not getting any better.

Think about the disabled and take a look at the impact of the decisions made in that budget. Requests made for years by just about every organization representing people with disabilities were behind the recommendations of the Standing Committee on Human Rights and the Status of Persons with Disabilities, in a unanimous report tabled in this House in December 1995. In other words, the official opposition and the Reform Party essentially supported the recommendations contained in that report.

It is worth taking a look at these recommendations, to see whether the government delivered. These recommendations provided, among other things, that the Government of Canada should designate a minister or a secretary of state to be responsible for the status of persons with disabilities. What was the government's response to that request? The Minister of Human Resources Development was designated as the person responsible for this issue.

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Given the decisions made by that minister, and particularly the conception he has of his department's role, we can only conclude that people with disabilities are even worse off than they were when there was no one to speak for them.

Another recommendation provided that, each year, a report should be tabled in the House to review the status of requests made by people with disabilities. We are waiting for that report. I certainly hope that in the coming months we will see a document from the government explaining what has actually been done.

We also requested that a more liberal, in the good sense of the word, interpretation be allowed in the application of the tax credit so that the disabled could truly benefit. What we saw, and unfortunately continue to see, is a somewhat restrictive application, with the result that a good number of the disabled are not able to take advantage of the tax credits offered by the government.

It is one thing to say: "We are going to propose new tax credits, to improve existing credits". It is quite another to see how these measures are applied. In other words, how many people can take advantage of them? And, more to the point, how many people cannot take advantage of them, despite the fact that they are recognized as disabled.

• (1720)

Then, there are other recommendations concerning, for example, grants to disabled persons organizations; I will come back to this. The recommendations we made were partially taken into account.

Following this report, the then Minister of Human Resources Development, now Minister of National Defence, who must have been getting ready for his new role, literally threw the human rights committee's recommendations out the window. Not only did he not take them into account, but he literally gave them the axe. And since he is now the Minister of National Defence, I should say he used a bazooka to completely eliminate any grants to disabled persons organizations. This was the decision taken by the former Minister of Human Resources Development, now the defence minister, over a year ago. The disabled community was utterly dismayed.

Following protests by representatives of organizations and by the official opposition, which hounded the government in this House, a committee was formed. This committee tabled its report last fall and recommendations are also contained in the present budget.

Unfortunately, although the hon. member for Fredericton—York—Sunbury, who headed this committee, worked in good faith, and showed considerable openness to organizations of disabled persons, we in the official opposition spoke out against the committee because it included no representation from either the official opposition or the Reform Party. In our opinion, therefore, it

was a partisan committee to which, fortunately, representatives of organizations for the disabled were added, and this has made it possible for it to come up with some recommendations which reflect reality.

Today, then, we find ourselves faced with a certain number of measures I would like, if I may, to comment on one by one, since that is the main purpose of my speech.

First of all, it is stated that the tax credits of the past will continue unchanged. They will continue, and the disabled will be able to take advantage of them, as in the past. But, as I have just said, if the Minister of Revenue and her officials continue to apply the various tax credits in a restrictive way, the net result will be that the disabled will be as badly off as they were in the past.

What we want from this government—and the Minister of Finance has not given us any reassurance in this area—is for someone to tell us how the tax credits referred to in this budget will be applied. This was recommended by both the human rights committee and the Liberal committee set up later. It had been decided to improve the tax credit for medical expenses.

Naturally, four or five measures are referred to. They speak of adapting vehicles, where expenses will be exempt up to a ceiling of \$5,000, and the purchase of an air conditioner, to a ceiling of \$1,000. By the way, the recommendation made by the committee chaired by the hon. member for Fredericton—York—Sunbury wanted this tax credit to apply to any kind of material assistance and not just to air conditioners, for instance. Surprisingly, the Minister of Finance took the example used in the recommendation and included it in his speech or his budget, without considering all the other equipment that is absolutely indispensable for people with disabilities.

I do not know whether this was an oversight or ignorance of the needs of people with disabilities, but air conditioners are fine, except that right now air conditioners are not terribly useful. There are a lot of other material aids that are just as important.

There is also a reference to access ramps. The purpose is, of course, to help people with disabilities when they have to leave their homes to go about their usual business like anyone else. If they have to go to class or to go work, they have to be able to do so.

• (1725)

There is also a reference to those who care for people with disabilities. These measures will be an improvement for all Canadians, with the exception of persons with disabilities in Quebec. Why do I say this? Because I know Liberal members will say the Bloc Québécois is complaining again, that it thinks Quebecers are being mistreated by the federal government. Well, it is true. Today, during question period, I heard the Minister of Human Resources Development say that Quebec was getting more than its share of

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federal funding, that Quebecers were cry babies and spent most of their time complaining with a full stomach.

Some hon. members: It is true.

Mr. Bernier (Mégantic—Compton—Stanstead): I hear our Liberal colleagues say that is true. I hope they repeat that during the election campaign.

I said, regarding the tax credits given for adapting vehicles, building access ramps and the purchase of specialized equipment, that a program already exists in Quebec, a universal program that applies to all citizens of Quebec, irrespective of their income, and covers the total cost of these special needs. This means Quebecers are going to pay twice: they will pay 100 per cent of the cost for residents of Quebec and part of the cost for people living outside Quebec, through the tax credit.

I hope that my colleague from Fredericton—York—Sunbury will respond to this request when it is his time to speak on the budget. I hope that the federal government will compensate Quebec for this measure, which, I repeat, will penalize Quebec taxpayers, since services will be paid for twice, and people with disabilities in Quebec are already totally covered for these needs.

Mr. Speaker, you say I have three minutes left. I want to use them to talk of the opportunities fund. There will no doubt be questions allowing me the opportunity to talk more about it. One of the things requested by groups of persons with disabilities was the retention of national standards on work adjustment programs and measures giving them greater access to the job market.

The Bloc Québécois objected to this measure because it considers that manpower training, workplace adjustment and material assistance to people with disabilities are provincial matters from which the federal government should withdraw, as it says it wants to, instead of creating new funds to intervene in areas of provincial jurisdiction.

Even if we see that this fund could help people with disabilities return to work, its application is very limited. Let me explain.

First we must obtain the support of the groups representing the handicapped, the private sector and the provincial governments. Immediately it is clear that this fund could take months or years to see the light of day, if it ever does. So it is easy to set an amount when it will certainly never be spent. However, if it did get spent one day, it would be in areas of provincial jurisdiction and it would be an experiment. That is essentially what they are saying.

• (1730)

Apparently, the fund will be used to finance the development of strategies to eliminate barriers preventing Canadians from getting back onto the job market. Developing strategies will not resolve the

unemployment problem, with a rate of unemployment of more than 40 per cent among persons with disabilities. These are not the kind of measures that will help them.

What the government should do, first of all and as soon as possible, is transfer manpower to Quebec and other interested provinces and put in place real training programs for persons with disabilities, programs that take their limitations into account by adapting work stations and, more importantly, ensuring that they can get jobs matching their abilities. That is what is required. Unfortunately, that is not what we find in this budget.

I realize that my time is up. I will conclude on this, but I would like to add that I hope to get a few questions to give me an opportunity to elaborate.

[English]

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Mr. Speaker, I welcome the opportunity to comment on the comments made by my friend from the Bloc and I recognize immediately his genuine commitment in this area. We are co-members of the parliamentary committee and I admire his genuine dedication to the cause of this community. Having said that, we do disagree on some things.

I would bring to his attention the fact that when he asks about what more there may be to come I would go directly to the budget speech where the Minister of Finance said: "These measures are a step on the way to a better life for many thousands of our fellow citizens". I am sure the Minister of Finance is quite prepared to be reminded that this is just a step as we move into subsequent budgets that I am sure this government will be around to present.

One of the questions that was put by my friend had to do with the fact that perhaps the opportunities fund was speaking to a matter of provincial jurisdiction. The way that the fund has been designed is to be very collaborative with the provincial governments, to share information between provincial governments, to work with provincial governments because clearly this is a challenge to all levels of government. It is very important that the member realize to what extent this is a collaborative effort and not one imposed by the federal government.

On the question of real costs and the complaints that have been placed against the tax credits in the past, that the interpretation of their application has been too rigid, there are two points. First, the minister responsible, my colleague will remember when she appeared before the parliamentary committee, made a commitment that she has made to me many times that the department would exercise maximum compassion in interpreting these. She has appeared before our group since that time to repeat that commitment.

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I would also suggest that the member be aware that the changes to the tax system that were announced in the budget and that were recommended by the task force for the most part are very measurable. The real costs under the medical services expense credit and therefore the vagueness of more definitional kinds of credits does not apply.

The member referred to the parliamentary committee report and what it asked for as against the government's task force that I chaired. The fact is most of the people who were critical of the task force report were critical on the grounds that obviously the government was not going to act on it because it was pretty much the same material as was contained in the parliamentary report that the government had not acted on so therefore what is the point?

• (1735)

The reality is that the government, in this case, has acted on our report and many of the measures it did act on were measures the parliamentary committee had recommended last year. The government made a mistake by not acting on that report. We acknowledged that and that is why the task force was struck and most of those things have been restored.

Very specifically, the funding for organizations, for enhanced citizenship in the communities and for integration were all restored. VRDP, vocational rehabilitation of disabled persons, was extended for another year. These are all things that the member had been pushing for in the many questions to the former minister of human resources development.

I am getting to a question for my colleague. I sincerely hope that my colleague could tell me which of the recommendations of the task force or the parliamentary committee he would prioritize as the one that we should go after next.

[*Translation*]

Mr. Bernier (Mégantic—Compton—Stanstead, BQ): Mr. Speaker, before answering the question from the hon. member for Fredericton—York-Sunbury, I want to comment briefly on his remarks. First, the hon. member acknowledges that the government and the human resources minister at the time, the current Minister of National Defence, made monumental mistakes which, unfortunately, were endorsed by the government.

Thanks to representations made by organizations looking after people with disabilities, and also by the official opposition, the government finally realized the enormity of these errors, and some changes were made in the funding provided to these organizations. I recognize it in the budget. In fact, it was announced last January. Corrective measures were taken to restore the situation to what it was before 1996, to restore grants to what they were in 1995.

It is difficult to take for granted that improvements such as these augur well for the future, that we should rest easy and assume that the federal government will propose other measures to improve the lot of the disabled, such as the integration fund, when we know that the government not only has a tendency to interfere in provincial jurisdictions, but that it is still actively doing so.

Yesterday, the Prime Minister willingly admitted to journalists—as can be seen in nearly all of today's daily newspapers—that the federal government was getting involved in areas of provincial jurisdiction, but only temporarily, and would withdraw within a few years. That is really thumbing their noses at people. They are telling us that the federal government is putting money into this just to bug the provincial governments and then, once they have created a need and people come back for more, they will pull out and take their money with them. What a hateful thing to admit to.

In response to my colleague's question as to which priorities with respect to the disabled the federal government was to be responsible for, a commitment has been made, and it was made several times by the Minister of Justice, for instance, to amend human rights legislation to provide that employers would be obliged to adapt work stations.

The Minister of Justice said that once the government had dealt with the matter of same sex couples or sexual orientation and employment equity, it would introduce amendments to help people with disabilities enter the labour market. That was one of the proposals.

• (1740)

We, and this includes persons with disabilities, are still waiting for the legislation, because this is a very practical measure. In fact any measure, not just experiments, but any measure that will help people with disabilities get into the labour market will be welcome.

People with disabilities do not want to be treated like people who cannot participate in the economy and their community. They want the means to do so. This includes transportation that is adapted to their needs, which means adapting vehicles and adapting accommodation, but it also means special training programs.

So the federal government should reach an agreement as soon as possible with Quebec, as far as the Bloc Québécois is concerned, but in fact with all provinces that want to patriate manpower training and labour market entry assistance, in order to come up with practical solutions and not just spend money on experiments or creating task forces.

“We do not want a lot of discussion”. This was the message we got from people with disabilities, time and time again when my colleague from Fredericton and his colleagues travelled across Canada. They said: “We want no more reports, no more talk, we want action”.

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That is what they expect from this government, and I hope we will see further measures in the months to come.

[English]

Mr. Joe McGuire (Egmont, Lib.): Mr. Speaker, I will be sharing my time with the member for Winnipeg South.

It is an honour for me to address the House today on the occasion of the debate on this historic document, the 1997 federal budget. There is a light at the end of the tunnel when one reads this budget and it is not the light of a freight train barreling toward us. It is the light of hope which is shining for the future of our country which includes our young people.

It is interesting to note, especially for our critics on the other side—it is their job to criticize—that during this whole exercise of the past three years of deficit cutting, cutting of programs, of cutting back fairly deeply through the fat and into the bone in our expenditures on the federal side, the United Nations has consistently named Canada the number one country in the world. That is something we should all dwell upon for a few minutes before we start criticizing the work that our finance minister and our Prime Minister have done over the past three years.

I will quote from some of the press comments from my province of Prince Edward Island that the budget has received. The editorialist from the *General Pioneer* in Summerside said “With our lower than expected deficit, Mr. Martin resisted the pressure to institute a widespread tax cut. For that he is to be commended. The cuts that are still working their way through the system have been hard on all Canadians. A tax cut, although it would be appreciated at tax time, would simply drive the deficit back up and wipe out what has been accomplished”.

The editorialist went on to say that there is little doubt this is a pre-election budget. However, a key qualifier to be added is a pre-election budget for the 1990s: “Prime Minister Chrétien and his finance minister have concluded, and rightly so we suggest, that Canadians are in no mood for big spending promises that can’t realistically be kept”.

When the editorialist mentioned the pre-election budget for the 1990s, I am sure he was comparing that with pre-election budgets of the past where governments were tempted to come in with big spending programs in an effort to buy people’s votes with their own money. Our finance minister in this regard in this election year has resisted the temptation to buy votes with the people’s own money.

This government has accomplished quite a record over the past number of years. It inherited a \$42 billion annual deficit. It inherited a legacy of high interest rates. It inherited a reputation

among the G-7, the western developed countries, and indeed among other less fortunate countries as being Mexico north.

● (1745)

In a short, record setting period of time we have decreased the deficit 34 per cent in one year. That is probably the biggest deficit reduction in the shortest time in the history of the world. We are getting the deficit under control.

We are a stone’s throw away from a balanced budget. In the next couple of years we will see for the first time in many decades a balanced budget.

The *Ottawa Citizen* led off its editorial after the budget by saying: “The finance minister, Paul Martin, deserves real credit, if not necessarily for yesterday’s budget, then for his four years of fiscal tutelage. His is a record of historic achievement”. I think we can all agree with what the finance minister has done over the past four years to earn those accolades.

Let us take a look at some of the budget measures which have generated a positive response. First I would like to address jobs.

In this budget \$2 billion more are being dedicated for small business to begin, to grow and to create more jobs. In addition, if businesses use the new hiring program and expand their workforce, they will have a holiday from paying EI premiums. They will not have to pay any EI premiums for the first year and they will have a 25 per cent reduction in the second year.

As far as Prince Edward Island is concerned, this measure could not have come at a better time. There will be \$95 million available for the tourism sector. The new Confederation bridge will be opening on June 1 and I am sure that every member of the House will be there.

Normally 700,000 to 800,000 tourist visitors come to our province each year. This year we are expecting one million visitors. A lot of islanders are not yet prepared for the influx of people who will be visiting our province after the bridge opens. Therefore, these tourism dollars will come in very handy for a lot of our tourist operators. They will be able to expand and to begin new tourist operations to facilitate one million visitors this year.

The infrastructure program will help to create jobs. Some critics have been very hard on the infrastructure program. They wonder why we have extended it for another year and why we put another \$425 million into it.

In my riding some of the small communities would not have been financially able to develop some of their projects if it was not for federal and provincial money. For example, in the town of Alberton, in the western end of my riding, \$365,000 was generated to replace sewer lines, sidewalks, paving and ditching. Without the dollars of the federal initiative, the other two-thirds would not

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have been spent. It is certainly a relief for the taxpayers of that town.

In the village of O'Leary, half a million dollars went into renovating an old hospital that had been closed. The village needed a new village office and a new fire station. They were able to access the infrastructure program and right now they have a beautiful building.

Also there were small projects in very small districts like St. Felix, St. Nicholas and St. Louis where anywhere from \$8,000 to \$15,000 was spent in much needed community improvement.

In the town of Summerside, which is the largest town in my riding, there is now a new city of Summerside because of the amalgamation that took place with Wilmot and St. Eleanor's. All the new money has been added to their share of the infrastructure program. Well over \$2.5 million has been spent there.

A total of 200 jobs have been created in my riding. If anyone thinks 200 jobs are not needed, then they are sadly mistaken in criticizing this program.

• (1750)

I want to commend the government on its initiative on the disabled. This initiative was caucus driven, led by the member from Fredericton who has been working very hard on it. There was full caucus support for his efforts.

Many of our disabled are helped by expanded tax deductions for medical expenses. These include increased deductions for part time attendants, increased deductions for vans used for wheelchair transportation as well as for medically required air conditioners and altered driveways. Individuals who come under the umbrella of the organizations for the disabled in Summerside-Tignish and area will benefit by the initiatives found in Tuesday's budget.

It is our record of staying the course, of remaining consistent and focused that has brought us to the point where we can initiate some selective spending programs. We have turned the corner. The time of announcing new cuts is over.

We are about to reap the rewards of the sacrifices of the past four years. The tax cuts that we all want are now possible without jeopardizing our recovery.

Mr. Reg Alcock (Winnipeg South, Lib.): Mr. Speaker, before I begin my comments on the budget, I would like to take a moment to correct the record.

Last Thursday Reform had an opposition day on transportation. During the debate, the Reform critic for transportation made a comment that some information he was provided was covered with marginal notes written by one Moya Greene. He was making the comment that this was a tragic leak of information, implying complicity on the part of Ms. Greene. I want to state that, at no

time, was Moya Green ever involved in the preparation of the draft report.

The marginal notes he got on the draft sent to him were those of the researcher. For him to slander Ms. Green, who is a very valuable member of the finance community and who made a very strong contribution to the work of the round table, is quite inexcusable. I do not know why the Reform Party has chosen to take this tack and I am rather saddened by it.

There is not enough time in the few minutes I have to do justice to the budget, so I want to focus on three or four points. The first is just a pick-up on the remarks of the previous speaker from the Bloc.

One of the things that has given me real delight in the work leading up to this budget has been the involvement of a great many members from all sides of the House. The Minister of Finance and cabinet have allowed members to get involved in a variety of committees that have spent a great deal of time working on specific problems that ended up as policies.

The clearest example of that is the work by the member from Fredericton. I served with that member on the first HIV committee, when we looked at the changes to the Canada assistance plan. At that time, a concern was raised about what would happen to people with disabilities. The result was the establishment of the committee he chaired. He undertook, as is his personal style, to consult and consult. He worked with people in his community and across Canada in order to formulate policy that truly represents the wishes of people. This is a stellar example of that.

He was in my riding. We had a little meeting in my office where we brought together people from the community. I know this community well as I have worked with it over the years. Canadians with disabilities were strongly supportive of the work done by that committee and are delighted with the announcement in the budget. They look forward to seeing what the member from Fredericton will do next on their behalf.

• (1755)

Another area that underlies this attitude on the part of the government of collaboration and involvement is the work done by the member for Peterborough, who co-chaired a committee that worked on support for post-secondary education.

We have a terrible problem with our universities which have been the recipients to all sorts of offloading by provincial governments and diversion of federal government support to the point where many of our great institutions are in serious trouble. Their infrastructure is crumbling. They have difficulty providing the kind of labs and support to students to give them a quality education. For organizations that are such major economic engines, as a country we have allowed them to fall into a rather sorry state.

During the last election the Liberals made the second largest financial commitment to provide over the course of four years \$1

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billion in new money for research and development. I am delighted to see with this announcement that the Minister of Industry, who has long advocated this, and the secretary of state for science and research have finally been able to deliver not just what was committed but well in excess of that. For the first time we will be able to offer to universities and labs across the country a strong infusion of new capital to help them do the work that in the end will support all of us. It is going to provide jobs and the intellectual property that will fuel growth in the next few decades.

One of the problems that arose with universities was the tendency on the part of provincial governments to divert funds that the federal government was providing in support of post-secondary education to other uses. In fact the only province in the country that can argue that it provided 100 per cent flow through of those funds from the federal government to the universities is the province of Quebec. In all other cases those funds were diverted to other uses and the resultant shortfall offloaded on to students.

In fact one of the most shameful acts of the provincial government in my province is the way that it has disguised its withdrawal of support from universities and handed over responsibility to students.

We made some changes to the student loan program a few years ago designed to raise the limits and give students a bit more flexibility in the management of their debt, only to have the provincial government immediately cancel its grant program and transfer much of its responsibility for supporting students on to the federal government. The net result was to put students even further in debt and give them fewer options for managing that debt.

I am delighted the Minister of Human Resources Development has taken strong steps to provide direct support to students and some greater flexibility in the management of their debt load to right what has been a fairly serious problem that has been created by provincial governments across the country.

I am a little saddened that we have not yet been able to move to an income contingent form of repayment. I trust we will continue to look at that. I know the student associations, certainly in western Canada, strongly support that and see it as a way of helping students manage what are to be very large debts on leaving school.

The announcements on child poverty and health are very welcome. They are important additions and reflect an important shift in philosophy, from a social service network that many have challenged as being excessively paternalistic to one that is more empowering. By putting resources directly in the hands of families and expecting them to act in the best interests of their children, we are giving people who are working and trying to get ahead and build a future for their children some real tools with which to work.

Finally, I want to thank the Minister of Finance for his assistance with the work of the committee that I chair, the committee on transport, in dealing with another form of deficit. This is perhaps best described as the infrastructure deficit.

• (1800)

This country has a national highway system some 25,000 kilometres long comprised of the Trans-Canada Highway and a number of major routes that carry goods between the provinces and between Canada and the U.S. and to the major ports. It carries 45 per cent of our exports south to the U.S. It carries almost 80 per cent of tourism which is predicted to grow to be the third largest industry in Canada by the turn of the century, an industry that runs on rubber tires.

The highway system is in desperate shape. The entire network has been studied and studied and studied, to the point that the provincial auditor in Ontario got involved in looking at the desperate condition of our major trade routes. In the last year that we have been working on this topic, every single person who came to the table said that we needed to do something about that network of roads. But in a time of restraint the costs are enormous, some \$18 billion to \$20 billion to bring the entire system up to standard.

I have been very encouraged by the Minister of Finance and the President of the Treasury Board. They have worked with the committee to help us examine some alternative ways in which to fund infrastructure renewal.

Our infrastructure program has been an enormous success. This was brought home to me when I met with the Trans-Canada West Association, a group of mayors from small communities all along the Trans-Canada Highway in the prairies. They made the point that when mayors and reeves from across the country gather together, one thing they talk about is how they spend their little portion of the infrastructure program in their communities. It is an activity which has the benefit of putting people to work and also bringing us together.

That is the same kind of effect we will see when we get to the work of twinning the Trans-Canada Highway across the country, of renewing the 25,000 kilometres of roads that tie every community in the country together. It is work that needs to be done. I was pleased to see recognition of this by the Minister of Finance in the budget.

The committee has proposed some innovative ways in which we could use public and private partnerships to fund the renewal of the highway system and that we could do it within the existing levels of expenditure. However, it requires some important changes in the way in which government does business. That is one of the odd benefits which can come out of a deficit. Sometimes when there is

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such enormous fiscal pressure, we are forced to look at innovative ways to get the work done.

We cannot allow this infrastructure deficit to continue. We have to begin to solve the problem. These highways are important. The highway in Newfoundland and through New Brunswick is important to the economy of Manitoba. The highway in Saskatchewan is important to the economy of Ontario. The entire network is important to the country.

It is estimated that in addition to the work that would be created by rebuilding this network of roads, there would be over 200,000 new permanent, long term jobs created in Canada by the existence of a more efficient system of delivery.

I know the Minister of Finance believes as I do that this is an important issue. I expect in a future budget we will see a creative solution to the problem.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, let me point out to the hon. member for Winnipeg South the incredible fuel taxes that the Canadian public and the commercial users of the highway pay. Of that fuel tax, less than 5 per cent actually gets spent on rebuilding the highway system in this country.

There has been a massive request for some dedicated money from fuel taxes to go to fix the highway system. The Liberals have refused to do that despite cries from the travelling public, commercial users of the highway and others who use the highway system. The Liberals have refused to listen to them. They are the ones who are paying the bills by their fuel taxes and the Liberals are not using the money to keep the roadways up.

• (1805)

I listened to the member for Winnipeg South talk about how the provinces are offloading their problems for funding education on to the backs of the students. Let me remind the member for Winnipeg South that since the Liberal government took office it has cut back transfer payments to education and health care by \$7.5 billion. The Liberals have taken out of health care and education transfers and they have the nerve to stand up and blame the provinces for the problem. That audacity is beyond belief.

The member for Winnipeg South also talked about how they are going to extend the payment schedules for the students. I am sure the students are going to appreciate that a lot. But what they would appreciate more would be to be able to get a job when they finish their education, to go out to work and earn some money to pay back the loans within the time period allowed to them. The fact is there are 1.5 million Canadians without jobs which is comical considering that in 1993 this Liberal government ran on jobs, jobs, jobs and there is about a net zero change in the unemployment rate in this country.

Instead of offering the students extended terms for paying back their loans, would it not be wonderful and would the students not appreciate far more the opportunity to go to work after they finish their education and pay back the loans like they want to? The students do not want handouts when they finish their education. They want jobs. This government has failed miserably in its responsibility to ensure that an environment is created so that students can get jobs.

Let me also talk about child poverty. People living below the poverty line do not want more welfare. They want jobs so that they can get themselves out of that situation. This extra payment to combat child poverty is only a drop in the bucket per family, per child, for those who live in poverty.

It would be far better if the Liberal government did one of two things. One, it could create better paying jobs for those people so they could get themselves out of that situation. Two, like the Reform Party would do, it could take those low income people off the tax rolls completely. That would be a better solution than the handouts the Liberal government is talking about here.

The member for Winnipeg South continues with the sleight of hand deception that this budget represents. It has no credibility. The member should be standing and defending the Liberal record on employment and the tax increases that have been created by this government.

Mr. Alcock: Mr. Speaker, the only thing that lacks credibility in this House is the platform of the Reform Party. For every complex problem there is a simple answer and it is usually wrong. I am reminded of that when I look at the Reform response to these problems.

We just heard the member say that he would take the punitive \$5 billion—it is actually \$3.6 billion—and divert it from its current use which is helping us to try to meet the budget deficit that we have and put it all into roads. Sure I would love to see those roads built but I ask the member: What tax would he then dedicate for hospitals? What tax would he dedicate for jails? Would we not end up as the state of California did, so bound up in our own rigid application of tax policy that we would no longer have any flexibility? We would have no ability to move as a House and represent the people of this country.

The fact is we have a problem with our road system and we need to solve that problem. The fact is there has been some very important work done. What is interesting is that those same people, the Canadian Automobile Association, the Canadian Trucking Association, the Canadian Tourism Association, the people who build the roads and the people who finance the roads were all at that round table. They sat at that table and they did not say the only solution to this was to dedicate taxes. They did not adopt the Reform position. They were not that simplistic. They actually got down to work—

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• (1810)

The Deputy Speaker: The hon. member's time has expired. Debate, the hon. member for Kootenay East.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, if Canadians ever had any question in their minds about the truth of the saying Liberal, Tory, same old story, it has been put totally to rest with this budget.

For the longest time unfortunately, Canadians have been subjected to very deceptive political practices, particularly as we approach an election. We have seen historically where governments have attempted to make things appear to be what they are not and particularly to try to buy the votes of the Canadian public. Canadians are far too intelligent to continue to put up with that kind of deceptive political practice.

Let me tie the Liberals and Tories together inextricably right from the word go. We are talking about a bracket creep, and that is not my opinion of some of the members opposite. In bracket creep we are talking about something that was actually brought into effect by the Tories in a budget of theirs in 1988. They basically deindexed the amount of the basic personal exemption and also deindexed any increases, unless inflation was over 3 per cent, that would occur in the tax brackets.

If we were to assume that an individual had a \$3,000 job five years ago, it is quite feasible that the person today, for doing the same work, in order to have the same buying power that he had five years ago at \$3,000 would have to have \$3,600 in income. Unfortunately, his basic personal exemption of \$6,453 in that period of time has not increased. If his basic personal exemption had increased, it should be around \$7,900. So in fact, this individual with no change in his buying power from five years ago to today is now paying tax on an additional \$1,450. That was originated by the Tories in 1988 and was continued by the Liberals in 1993 which is why I say Liberal, Tory, same old story.

Additionally that individual will find himself suddenly bouncing up into the next tax bracket. The problem is actually magnified or doubled because he is not only paying tax on the additional \$1,450 but he is paying the tax at a higher rate. Liberal, Tory, same old story, the same kind of deceptive political practices.

What we are looking at here is not only the continuation of the Tory practices by this Liberal government, but it has taken this deception in this whole process to an even higher level. This government did not even have the intestinal fortitude to bring in the additional amount of money that is going to be taken off of Canadians' pay slips every month. It did not have the intestinal fortitude to include that announcement in this budget.

We are going to be talking about the fact that there have been tax increases later in my discussion. However the point I am driving at

is that suddenly Canadians are going to be paying 70 per cent more on their Canada pension plan premium that is being extracted from their paycheque every month. At the higher level that is an additional \$1,300 a year for which Canadians will receive nothing, nada, zippo. They will receive absolutely zero in additional benefits for paying out an additional \$1,300 a year. If that is not bad enough, the problem is that if the Canadian happens to be self-employed, guess what? They get to pay the employer's portion of that amount.

This afternoon I was speaking to a newspaper reporter and I asked how many people were involved in the company overall. The reporter told me there were about 250. Let us think about this for a second. That company is now faced with an additional \$1,300 a year it has to contribute to the Canada pension plan times 250 employees. It is going to be paying out an additional \$32,500 a year for absolutely no benefit.

• (1815)

More important, that company will now have to make a decision to reduce the bottom line of the company by \$32,500 or fire somebody. Unfortunately the company will probably end up making the worst of the judgments, which is to let somebody go.

This is what is going on here. The young people of Canada on this CPP issue are getting it in the ear two ways. First they are getting it in the ear by virtue of the fact that they will be paying out \$1,300 a year more for absolutely no increase. The second difficulty is that their jobs will be jeopardized because companies have no way to attract more income in order to come up with the money for the government in this so-called CPP contribution.

Even for people who are in a lower income bracket, and I mean a very low income bracket, CPP will still be deducted from their cheques. They should know that the amount currently being deducted from their cheques will be increased by 70 per cent. That means they will have less money to spend.

There is a basic tax grab going on in addition to the CPP, which this government will never admit to. How can government members explain that the gross domestic product, the sum total of all of the goods and services produced in Canada, in the past three years, which is the three years this government has been in this Chamber, has increased by 9.5 per cent? The total goods and services, everything that can be taxed, has increased by 9.5 per cent, but guess what? Government total revenue has increased by 12.5 per cent. And those members have the audacity to try to tell us that this government has not been taking more money out of the economy. They cannot refute those numbers.

Taxes cost jobs, we know that. Take a look. For over 70 consecutive months our unemployment rate in Canada has been over 9 per cent; it is now at 9.7 per cent. In comparison, our trading partners have the following unemployment rates: the United

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Kingdom is at 6.7 per cent; the United States is at 5.3 per cent; Japan is at 3.3 per cent. The Liberals cannot walk away from it.

They gave Kim Campbell a rough time in the last election. They tried to say that she did not know what she was talking about when she said that the unemployment rate would probably hover around the 10 per cent level. I recall the current Prime Minister was in absolute glee when Kim Campbell said that. And what have they accomplished? They are still at 9.7 per cent, with no hope because in the future they will be taking even more money from the economy.

In terms of deception it does not just stop in the area of taxes. I cannot imagine the chutzpah of a finance minister who would actually put out a pamphlet saying that they will be sustaining and improving health care. They will be putting \$300 million back into a place where they took \$7 billion out. Let us put this into perspective. Seven billion dollars is seven thousand million dollars. They took seven thousand million dollars out of the health care transfers to the provinces; they are putting three hundred of that seven thousand back, and they say that they are going to sustain and improve health care. Is this a joke or what? The chutzpah of this government is absolutely immense.

The government has downloaded this entire problem to the provinces from the word go. I believe Canadians are intelligent people. Canadians are not going to be taken in by this. When Canadians take the time to realize what a chicanery has been perpetrated on them by the people in government, they will treat it accordingly in the next election.

• (1820)

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, if we are talking about chutzpah, let us talk about March 1, 1995 when Reform's subamendment asked members of this House to vote against the Liberal budget because it did not cut fast enough. They were opposed to the budget because it did not cut fast enough.

I would like the member to tell this House, to share with us how it is that he can stand there and criticize the cuts as he just did when he voted in opposition to the budget because it did not cut fast enough.

Mr. Abbott: Mr. Speaker, I really appreciated that question because it is so simple. The government cut in all the wrong places.

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, if people were students of history they would recall that we have had right wing parties in this House before. I recall reading about the debates that the right wing was talking about when we brought in medicare,

that medicare was going to be a total drain on society, that it would hurt the economy and that it would put people out of work.

Now we know that the economy quite frankly is considered by other countries in the world to be one of the best situations because of medicare in that it helps employers with their bottom lines and it helps employees.

Also, when we brought in social assistance or welfare as a national program in this country we had the right wing say the same thing.

Now we have these people across the way who are suggesting that because we have improved and made sure and secured because of the values of the nation our pension plan for future generations—

An hon. member: Your pension plan.

Mr. Nault: Yes, that is absolutely right, my pension plan. I will get the Canada pension plan just like everybody else when I retire and the children of these members here hopefully will get a Canada pension plan as well.

That is why that particular party is at 11 per cent in the polls and sliding fast.

If what was said here just a few minutes ago was even close to being believable, and I want to ask the member this specific question, why is it that they keeping dropping in the polls? Is it that we are so good at deceiving Canadians that people do not realize that we are not doing a good job?

Mr. Abbott: Mr. Speaker, I am so happy this member brought up his pension plan and the pension plan of all of the other people who are in this disgusting MP pension plan. They have looked after themselves all right. They have taken care of themselves and then they are shafting the Canadian public with this 70 per cent increase.

What I would like to know from any of those members that are on this fat pension plan is are any of them going to be doing a 70 per cent increase in the premiums they are paying.

The Canadian public right now is paying \$4 for every \$1 that these people put in. Right now what is going on is with this increase of \$1,300 a year Canadians are going to be getting less out than what they are putting in. These people are absolutely disgusting that they would even bring up their pension plan.

Mr. Nault: Mr. Speaker, he can go on and bluster all he likes but I just want him to answer a very simple question. If his party's policies were so believable, why is it that he cannot seem to get over the 10 per cent mark in popularity with the rest of Canadians? In Ontario it is 6 per cent and dropping. It does not even go on the Richter scale.

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Mr. Abbott: Mr. Speaker, I will be very happy to see that member or any other Liberal in my riding. I am not even the slightest bit concerned, but he should be.

I come back to the medicare issue. He is talking about the fact that the Liberals brought in medicare. When the Liberals brought in medicare the federal government promised 50-50 funding to the provinces. What happened to the 50-50 funding to the provinces? It slashed, hacked, downloaded to the provinces, still asked the provinces to do exactly the same things while giving them a 20 cent dollar instead of a 50 cent dollar.

• (1825)

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, just for the Liberals over there, I had a wonderful speech all ready to go and now I have to talk about the MP pension plan.

Is it any wonder people have lost confidence in governments in this country? The fact is the average Canadian will now have to work about 30 years and contribute to the Canada pension plan to get about \$9,000 at the end of it. They may even have to work 40 years or more to get about \$9,000 at the end. The Liberals say this is good, that it will help Canadians to live down the road. By that time \$9,000 will mean next to nothing.

Let us have a look to see what the Liberal MPs have done for themselves. Inside of 10 years they qualify for the richest pension plan in the world. Every one of these people across the way is gouging the Canadian public with the richest pension plan in the world.

How much did their premiums go up? Not a red cent. They expect young people to contribute another \$650 every year when those members are not taking anything out of their pockets. It is disgusting. How can they call themselves leaders when they are sucking off the trough? Let us look at how things have changed in Canada since the Liberals have formed the government.

I must say, for those who are listening, that there is a lot of rattling going on here. We have touched a nerve. We have touched a big nerve. It is hard for them to stand and face anybody in this country, gorging off the trough like they do.

Mr. Nault: Mr. Speaker, on a point of order, there have been a number of accusations in this House in the last number of years since this new party came into being, which was going to—

The Deputy Speaker: I would ask the hon. parliamentary secretary to get to the point very quickly.

Mr. Nault: The point is, Mr. Speaker, I would like to suggest to the member that he not use the kind of language in the House which he has just used. That is the reason the situation—

The Deputy Speaker: The hon. member for Fraser Valley West has the floor.

Mr. White (Fraser Valley West): Mr. Speaker, we have touched a raw nerve. They are upset because we are saying that they are gorging off the trough. They do not like it. That is too darned bad. I will tell you who does not like the big issues. It is the guy working in this country who is contributing another \$650 out of his pocket. These MPs are contributing nothing more. They are getting three times as much in less than one-third of the time. If they do not like it, that is just too darned bad. We will see you all in the next election. Come to my riding.

Mr. Speaker, they are being noisy again. I like to see how we touch off nerves, especially when it comes out of their pockets.

Let us look at where Canada has come from and where it is today as a result of these people being in power. I can remember in 1993 when the debt was around \$450 billion. Have they improved the country since then?

The debt is now bordering on \$600 billion. One of the members over there had the unmitigated gall to stand up and say there is a light at the end of the tunnel because of the Liberals. The light at the end of the tunnel is \$600 billion, \$150 billion more.

• (1830)

They got a standing ovation here the other day when the finance minister said “we are only borrowing \$19 billion this year”. How does anybody get a standing ovation when they are saying that they are overspending and borrowing on the backs of Canadians nineteen thousand million dollars? How on earth do these members give a finance minister a standing ovation on that? It is sickening.

Where is crime today? Much worse than in 1993. What has this government done? Virtually nothing.

This country is not better off after three and a half years of Liberals. I will say who is better off. All the Liberal MPs and the separatists over here who are gorging off the MP pension plan. They are better off.

They say that we have cut to the bone. This is a common saying among these folks. Let us look at some of the money they gave away last year which is still sitting in the budget.

They gave \$987,000 to the National Action Committee on the Status of Women. That was given out last year, but is still in the budget this year. Could they not have taken that out this year?

They gave \$138,000 to the Canadian conference of teamsters. Will they repeat that next year? Could they not have said “there is your money this year and we will cut that out of the budget next year”? No. They said that they cut to the bone.

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From 1993 to 1996 ACOA handed out a staggering \$975 million. People only have to look and read the papers in Atlantic Canada to understand what happens with ACOA money. Most of it is a waste.

They give this money year after year. Is there no such thing as zero based budgeting in this government? What does this government know about youth and unemployment?

Mr. Easter: Mr. Speaker, I rise on a point of order. The member is giving false information by suggesting that ACOA is wasting money.

The Deputy Speaker: As the member knows, that is debate. That will not come out of the member's time.

Mr. White (Fraser Valley West): Is it not interesting, when we strike nerves with this group, how they whine about it?

An hon. member: Enjoy it, Randy, it may be one of your last speeches the way you guys are going in the polls.

Mr. White (Fraser Valley West): Mr. Speaker, one of these Liberals here is trying to say that this is my last speech because I may get defeated in an election.

These people better learn how the west feels, how my riding feels about what I am talking about. We had 1.5 million people unemployed in 1993. Why do they not stand up and tell us how many we got unemployed today? Are we better off with this government? We got 1.5 million people unemployed today.

To stand up and tell us they created x number of jobs, they still have 1.5 million people unemployed.

• (1835)

There is one heck of a lot of young people who are underemployed. In the event that you do not know what that means—

The Deputy Speaker: I ask the hon. member to refer to the Chair.

Mr. White (Fraser Valley West): Mr. Speaker, I am sorry. I get carried away.

I just want to go back to one other thing that is going to tell the country whether we should elect Liberals again. How much are they taking out of the pockets of Canadians and how much is every one of these people getting while living off the trough of the MP pension plan?

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, so far we have noticed that the member has alienated women, also Atlantic Canadians. I am surprised he has not alienated aboriginal people. But we did not give him enough time. Maybe we will give him the next opportunity to talk about his party's aboriginal policy.

I would like to know exactly where he stands on aboriginal policy since I represent 51 First Nations. I would like to know his views on funding to First Nations.

The last thing I would like to ask the member is if he could explain to us why we would be in favour of his particular old age pension plan which is going to increase to individuals some 14.2 per cent, as the Minister of Finance has suggested. Could he tell me if that is true or if Reformers have changed their position again and maybe gone back down to some other number? We would certainly like to know so we would know his position for the next election campaign.

Mr. White (Fraser Valley West): Mr. Speaker, this is interesting. The last point is wrong, so I will just dispense with that.

Where we stand on aboriginal affairs in the country is for more accountability within the Department of Indian Affairs and Northern Development. We certainly did not get that from this group here.

One more thing about alienation. These members, of course, do not understand what I was getting at. If they are doling out millions and millions of dollars in one year to a group, why does the money stay in the budget regardless of what group it is, year after year after year. Why are these expenditures not going down? Why are those expenditures staying in the same budget they always have? What this government does not have are people who have one clue about zero based budgeting.

They basically say if it was in the budget last year, leave it there. There is all kinds of room in this budget to make reductions. They only reason the Liberals are not reducing these budgets is to try to buy votes from Canadians.

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, I must say that in listening to that speech I find it amazing that the Reform members have managed to attack all the interest groups in the country. What they do not realize is that Canadians collectively are different interest groups.

An hon. member: Talk about your MP pension plan.

Mr. Telegdi: Let me say on the public record that I will trade my pension for the pension of the leader of the Reform Party that gets subsidized by all sorts of goodies.

The taxpayers' budget, which they cannot run from and they will be held accountable for and which will be put to Canadians time and time again, states that they would slash equalization payments by 35 per cent.

• (1840)

They would slash the Canada assistance plan by 34 per cent. They would slash the aboriginal program by 24 per cent.

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When we you go through what they were going to do there would have been no budget left and there would not be a Canada left.

Mr. White (Fraser Valley West): Mr. Speaker, meanwhile they slash \$7 billion from health but say nothing about it.

It is interesting that the member opposite says we should be funding. They want to fund all special interest groups.

I have negotiated against the Canadian conference of teamsters for many years. I fail to see why that interest group gets it year after year, I believe it is \$137,912.

The trouble is all this money they have taken from the Canadian taxpayer is used in many cases to buy votes. It is not used as a zero based budgeting concept to see how important it is to the productivity of this nation. It is to buy votes. That is what they do not understand about budgets.

Mr. Arseneault: Mr. Speaker, on a point of order, the hon. member said we are using money to buy votes. First of all, that is illegal. Second, that is not allowed in the Chamber. Mr. Speaker, I would ask you to ask him to withdraw immediately.

The Deputy Speaker: The hon. member for Oxford on debate.

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, I am sharing my time with my colleague for Hillsborough, the Parliamentary Secretary to the Minister of Labour.

I had a prepared speech but things have been so interesting with the last three or four speakers that I am going to leave it for a minute. I am going back to the member for Kootenay East. My colleague talked about Liberal-Tory, same old story.

I am going back, and it may be too far for the hon. gentleman, to nine years of Conservative majority governments in this place. When the Tories started in 1984 the debt was something around \$200 billion. After nine years of Michael Wilson, bless his heart, struggling with the deficit, they never met their targets, never got the deficit under \$38 billion in a year and they more than doubled the national debt to \$500 plus billion.

That is not the story of this budget or of this government. The deficit is now less than \$19 billion. That is not the same story. The deficit to GDP ratio has been cut in half. That is not the same story. There is more than one way of achieving anything. We have chosen a fairly direct way. I would suggest to the hon. member for Fraser Valley West that this budget may well buy a few votes.

When I was on the hustings in 1993 people wanted deficit control. The Canadian people are not stupid and they knew that if we continued to spend more than we earned we were going to be in a position of no return. We are going to hit the wall is the

expression. A lot of people across the way do not seem to understand that. We did not hit the wall.

• (1845)

I want to compliment the Minister of Finance. I want to compliment the cabinet. I want to compliment all the cabinet ministers. I want to compliment all the departments because if the ministers and their departments had not taken seriously the program review and had not cut their budgets we would not be in the enviable position we find ourselves in today.

I want to compliment the members of caucus because they have contributed to the budget and to previous budgets. They have helped keep the Minister of Finance on course to reduce the deficit.

I also want to thank a few other people we never do thank and one is the public servants who have not had an increase in six years.

Mr. White (Fraser Valley West): But you have on your pension. It's indexed every darn year.

Mr. Finlay: Mr. Speaker, the member for Fraser Valley West talks about my pension. I have not earned an MP's pension yet.

Mr. White (Fraser Valley West): Yet.

Mr. Finlay: I pay so much income tax on what I earn that I cannot survive without my teacher's pension. Let us not worry about that.

An hon. member: Another double dipper.

Mr. Finlay: I earned it.

Miss Grey: Take it out.

Mr. Finlay: I earned it.

Mr. Harris: Let's talk more about those pensions.

Mr. Finlay: Mr. Speaker, we need to congratulate another large group and that is the citizens of this country who have gone along consistently with the government and the successive budgets that the Minister of Finance has brought forward. They are now reaping the benefits of that support. We are now able to say: "Here is some money for this and here is some money for that". We are going to meet our goals.

Mr. Harris: Let's talk about the \$10 billion payroll tax grab.

Mr. Stinson: Let's talk about you shutting down the hospitals. Let's talk about that.

Mr. Finlay: What government does with scarce resources shows what its values are.

Mr. Reed: The social conscience of the Reform Party.

Mr. Finlay: Our values are jobs, health care, education and our children.

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I listened much more quietly to the hon. members opposite than they care to listen to me. However, you really have to repeat things over and over again, don't you?

In 1998-99, for the first time in 28 years, the government will not have to borrow any new money. We will be in the best position among the G-7 nations. The rapid turnaround of our finances has boosted confidence in the economy. This confidence encourages investment. It keeps interest rates low and helps to create jobs. Employment has grown by 91,000 jobs in the last four months alone. Private sector forecasters expect 300,000 to 350,000 new jobs this year.

There is an old saw that says "figures don't lie, but liars can figure". I am not calling anyone a liar, in case somebody rises. I will change the saw "figures don't lie, but politicians often fool around with figures".

An hon. member: Especially Reform because they cannot get it straight.

Mr. Finlay: That is right, especially the Reform Party. My friend from Kootenay East used figures very constructively a little earlier. He talked about the GDP increasing 9.5 per cent and the revenue increasing 12.5 per cent as if this was some sort of sleight of hand, some sort of disaster—

• (1850)

Mr. Abbott: It's a tax increase.

Mr. Finlay: Mr. Speaker, if our workforce were at the same level now in 1997 as it was in 1993, unemployment would be at 6.4 per cent, not 9.7 per cent. Revenues are up because more people are working and more people are paying taxes. If they were not up more than the GDP then how could we reduce the deficit? It cannot be both ways. Revenue cannot be kept at this point and reduce the deficit. It is not possible, and all Canadians understand that.

I am sure the hon. member for Hillsborough wants to get started so I will cease here.

The Deputy Speaker: There is a minute and 39 seconds. The hon. member for Beaver River.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I have a pretty simple question. I will quote the hon. member from part of his speech. He said: "I haven't earned my MP pension" and we are going to do all we can to make sure he never does, but then he said further, "my taxes are so high that I can't afford to live without my teacher's pension".

How many Canadians have the luxury of a teacher's pension to subsidize their small wage of \$64,400? If he says that his taxes are too high—

The Deputy Speaker: The member for Oxford has the remaining 40 seconds.

Mr. Finlay: Mr. Speaker, I have nothing to hide. I worked for 36 years in education. I have a teacher's pension. I pay taxes like every other Canadian on the money I earn. It is considerable and I pay considerable taxes. That is my only point.

When I say I have not earned my MP pension I mean that I have paid for it but I have not earned it yet. I have to get elected again. It is not granted on one term. I certainly hope that I am back here after the next election and that some of my colleagues across the way are not. They do not want the pension anyway.

The Deputy Speaker: It being 6.52 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the subamendment now before the House. The question is on the amendment to the amendment.

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

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the amendment to the amendment will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: Call in the members.

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

(Division No. 228)

YEAS

Members

Abbott	Bridgman
Epp	Forseth
Frazer	Grey (Beaver River)
Harris	Hermanson
Hill (Macleod)	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Penson	Schmidt
Stinson	White (Fraser Valley West/Ouest)
Williams —17	

NAYS

Members

Adams	Alcock
Allmand	Anawak
Arseneault	Assadourian
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Bachand	Bakopanos
Barnes	Beaumier
Bélanger	Bellehumeur
Bernier (Mégantic—Compton—Stanstead)	Bertrand

Adjournment Debate

Bevilacqua	Bodnar
Bonin	Boudria
Brien	Brown (Oakville—Milton)
Brushett	Calder
Campbell	Cannis
Catterall	Chan
Clancy	Collins
Crawford	Culbert
Cullen	Dalphon-D-Guiral
Daviault	Debien
DeVillers	Dhaliwal
Dion	Dromisky
Dubé	Duceppe
Duhamel	Dumas
Dupuy	Easter
English	Fewchuk
Finlay	Flis
Fontana	Fry
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Gagnon (Québec)
Galloway	Gerrard
Goodale	Graham
Harb	Harper (Churchill)
Harvard	Hopkins
Hubbard	Irwin
Jackson	Jacob
Keyes	Kilger (Stormont—Dundas)
Kirkby	Knutson
Lastewka	Laurin
Lavigne (Verdun—Saint-Paul)	Lebel
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lee
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Lincoln	Loney
Loubier	MacAulay
MacDonald	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Manley	Marchand
Marchi	Martin (LaSalle—Émard)
Massé	McCormick
McGuire	McKinnon
McTeague	McWhinney
Ménard	Mercier
Mifflin	Minna
Mitchell	Murphy
Murray	Nault
Nunez	O'Brien (London—Middlesex)
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Payne
Peric	Peterson
Pettigrew	Phinney
Picard (Drummond)	Pillitteri
Pomerleau	Proud
Reed	Regan
Richardson	Robichaud
Rocheleau	Scott (Fredericton—York—Sunbury)
Serré	Simmons
Speller	Steckle
Stewart (Northumberland)	Szabo
Taylor	Telegdi
Torsney	Tremblay (Rimouski—Témiscouata)
Ur	Valeri
Walker	Zed—140

Guay	Kraft Sloan
Lalonde	Landry
Lavigne (Beauharnois—Salaberry)	Lefebvre
Marleau	McLellan (Edmonton Northwest/Nord-Ouest)
Robillard	Rock
Sauvageau	Stewart (Brant)
Tremblay (Lac-Saint-Jean)	Venne

● (1915)

The Deputy Speaker: I declare the subamendment defeated.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

RURAL DEVELOPMENT

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, further to my question to the minister of agriculture, rural Canada's concerns must be kept in the forefront and must remain a priority for this federal government. This week's budget takes great strides down that road.

I was very pleased to see the finance minister's emphasis on programs and investments that will work for rural Canadians. These budget measures will directly impact my riding of Parry Sound—Muskoka and will help businesses in my riding to create jobs.

● (1920)

In addition to the renewed commitment to a federal infrastructure job creation program which has been very beneficial in my riding, I point to the \$15 million annual increase over three years for the Canadian Tourism Commission, and the \$50 million investment in the Business Development Bank of Canada. This will lever another \$250 million in loans for the creation of tourism infrastructure in rural areas.

I single out the \$50 million investment to the Farm Credit Corporation to be used for rural development and the \$30 million to expand the community access program to ensure that virtually all rural communities are linked to the Internet.

This is support on which we can build. This is support that is right in line with what constituents across Canada were asking for when we took testimony as part of the natural resources committee's rural development study.

Those of us from rural areas have identified several priorities that need to be addressed in order to enhance economic development in the rural areas of our country. Some of these the budget has dealt with. I am sure the constituents in rural Canada will applaud the government's initiatives on these rural issues.

PAIRED MEMBERS

Baker	Bélair
Bélisle	Bergeron
Bernier (Gaspé)	Chrétien (Frontenac)
Cohen	Collenette
Cowling	Crête
Deshaies	Discepola
Eggleton	Fillion
Gagliano	Gauthier
Gray (Windsor West/Ouest)	Grose

Adjournment Debate

The Prime Minister made a firm commitment to tackle the unique needs of rural Canadians on behalf of all of us who live in rural areas. Four ministers were charged with the rural development portfolio and my committee has helped lead the way.

We set about detailing the challenges of rural Canada, the lack of formal education for some of those or the lack of access to education in high technology fields where the jobs are for others.

We looked at partnerships between the public and private sectors to better meet the needs of business operators in rural areas so that they would be better able to overcome the disadvantages of distance, geography, low population densities and so that we could enhance investment opportunities and expand our information base.

We looked at ways to enhance the benefits of value adding in our natural resources sector. We looked at restrictive regulatory regimes and how they could be eliminated. We looked at how to eliminate duplication and the need to have increased tax incentives for investment.

Investment in innovative technologies and initiatives that will ensure that virtually all rural communities have access to the Internet and that build on our efforts to date will go a long way to giving those of us who live in rural Canada the support we need to compete in an urban oriented world.

Further elaboration on planned or existing initiatives will help constituents in my riding understand and therefore benefit from federal commitments today.

Hon. Fernand Robichaud (Secretary of State (Agriculture and Agri-Food, Fisheries and Oceans), Lib.): Mr. Speaker, since the speech from the throne and the commitment to rural economic renewal, federal departments have been working together to focus efforts.

A great variety of programs and services currently can assist rural development, yet these are not widely known. The first step has been to ensure that rural Canadians are made aware of what is already available. Communications activities are under way to provide concrete details of programs and service information to rural Canadians.

Among the many programs, the Canadian adaptation and rural development fund, noted in the House on February 6, is putting more than \$100 million over the next four years into the hands of local adaptation councils across Canada.

A further \$50 million capital infusion to the FCC announced in the budget will assist growth and diversification in the farm sector. The government is also pursuing further opportunities to improve the range of financial products and services available to rural Canadians.

The community access program is helping rural and remote communities access the information highway. In January a further 429 projects were funded, making a total of over 700 rural communities across Canada now being assisted.

[Translation]

In the 1996 budget speech, the government provided for a fund to assist 1,500 communities by 1998. In this year's budget, it sets aside another \$30 million over the next three years to help some 5,000 rural communities gain access to the Internet. These community access points—

The Deputy Speaker: I am sorry, but time is up.

• (1925)

[English]

HOUSING

Mr. Pat O'Brien (London—Middlesex, Lib.): Mr. Speaker, one week ago, on February 13, I had the opportunity in the House to ask the Minister of Public Works and Government Services a question on the issue of co-op housing in Canada.

The question flowed from a number of concerns that have been brought to my attention as the member of Parliament for London—Middlesex.

Before directing these comments to my colleague, the parliamentary secretary, I would like to refresh members' minds because I think they all have had representations made to them that there are three primary concerns of people who live in co-op housing now.

First is the maintenance of national standards. Quite frankly, people in Ontario have a very real concern that where there is a right wing slashing type of government in power, as they feel the current government is, such a government cannot be relied on without definitive national standards to protect co-op housing as it currently exists.

They have a very real fear that the government will put it on chopping block one way or another, either by passing it on to the municipalities or simply by refusing to protect current arrangements.

Second is the whole issue of the protection of current agreements which exist for people living in co-op housing, particularly the protection of current mortgage agreements.

Third is the necessity for full public consultation between the federal government, the people who live in co-op housing and their spokespeople across the country.

A option has been put forward by these people that they would like the opportunity to run co-op housing themselves in co-operation with the federal government, which they have much more trust in, as was expressed to me, than they have in certain provincial governments in the country.

Adjournment Debate

I wonder if the parliamentary secretary could elaborate on the assurances that the minister gave me. I will quote part of her answer very briefly: "As a condition, before provinces get to sign an agreement, they will have to agree to respect national principles".

My question on that point for the parliamentary secretary is how would we insist that these national principles be enforced. If governments refused to live up to them, what then would be the course of the federal government?

The minister went on to say: "More important, they will have to adhere to a strict accountability framework in order to ensure that those dollars continue to be spent to help those in need of housing".

I wonder if the parliamentary secretary might elaborate on exactly what strict accountability the minister had in mind when she gave that answer.

Mr. John Harvard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I am pleased to respond further to the question raised by my colleague regarding the important negotiations between the federal government and the provinces concerning housing.

The federal government has offered to the provinces and territories the opportunity to take over the management of the existing federal social housing resources, with the exception of housing on Indian reserves, provided federal subsidies continue to be used for housing and are targeted to low income households.

These negotiations are aimed at simplifying the administration of social housing by eliminating overlap and duplication and providing clients with one stop shopping.

Let me assure my colleague that national principles and a rigorous accountability framework will govern the agreement and provinces will have to agree and respect those agreements. Once new social housing agreements are in place, any future cost savings that may be realized will be used for social housing purposes, either to assist in the management and/or renovation of the older existing social housing portfolio or to create new social housing programs.

The federal government is not withdrawing the financial support it provides to low income Canadians with housing needs. We will continue to meet our financial obligations related to the existing social housing portfolio currently at about \$1.9 billion a year.

With regard to the protection of existing rights of people living in co-operative housing, let me further assure my colleague that since individual sponsors own and operate most of the federally assisted non-profit and co-operative housing, CMHC agreements with individual co-operatives will continue to be legally binding. I can assure my hon. colleague of that.

[Translation]

The Deputy Speaker: Dear colleagues, the motion to adjourn the House is deemed to have been adopted. The House stands adjourned until 10 a.m. tomorrow.

(The House adjourned at 7.30 p.m.)

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