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OFFICIAL REPORT
(HANSARD)

Thursday, February 5, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, February 5, 1998

The House met at 10 a.m.

Prayers

• (1000)

[*English*]

PRIVILEGE

MINISTER RESPONSIBLE FOR CANADIAN WHEAT BOARD

The Speaker: Colleagues, the day before yesterday the member for Prince George—Peace River raised a question of privilege. In that question of privilege the Minister of Natural Resources was named. I asked the House to give me time to gather more information and to hear—I hate to use the word rebuttal—but at least a response from the Minister of Natural Resources. He is here with us now and I would like to hear what he has to say.

• (1005)

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I rise in relation to an alleged question of privilege raised last Tuesday by the member for Prince George—Peace River pertaining to Bill C-4, an act to amend the Canadian Wheat Board Act.

Let me begin by expressing my appreciation to you, Mr. Speaker, for ensuring that on this alleged point the government side is heard in this House in response to the five interventions that were heard from the Reform Party.

I want to assure you, Mr. Speaker, that in relation to Bill C-4, there has been no contempt of this House nor any contempt for the office or the authority of the Speaker.

The ongoing discussion about how to change the Canadian Wheat Board has been under way both in this House and across the prairies for at least 25 years. It has been especially intense since the early 1990s when the former Mulroney government tried at that time to diminish the wheat board without reference to Parliament and without substantive consultations with farmers.

When I inherited those problems after the 1993 election, I was determined to follow proper procedures inside Parliament, especially in relation to that broad and often fractious western farm community within which there are deeply divided points of view.

The Reform Party of course has the opposition luxury of siding with only one side in the debate. As minister I have to try to build some consensus. One of my common practices in trying to do so is to consult extensively with interested stakeholders and to try very hard to keep them in the loop with ample information as events move along. Through Parliament and through countless public and private meetings, hearings, panels, letters, pamphlets, surveys, e-mails, faxes and the Internet, we have made an exhaustive effort to keep farmers up to date with what is going on with respect to wheat board changes, to answer their questions and most importantly to solicit their advice.

The straight forward meeting with farm leaders which I held on January 21 and which is the Reform Party's sole source of complaint in this alleged question of privilege was part of that open, inclusive and transparent effort to gain the benefit of producer input.

Surely it is ludicrous to suggest that a minister may not even meet with a broad cross-section of interested stakeholders to consult them on matters of vital importance to their livelihoods if a piece of legislation on the same subject happens at that moment to be before Parliament.

The rules do not say that ministers may only consult with the opposition or only with the groups of which the opposition approves. Similarly the rules do not constrain the opposition from meeting outside Parliament with any groups it may want to consult.

In his intervention last Tuesday, the member for Yorkton—Melville admitted that he had done just that the very next day after my meeting. The member for Portage—Lisgar has had meetings about the details of Bill C-4 and many other Reformers have done the same. Their extra-parliamentary meetings to discuss Bill C-4 while that bill is pending before this House are not a breach of privilege. They are not in contempt and neither am I.

Surely adequate consultation with stakeholders is completely consistent with and fundamental to the democratic process. It cannot be a legitimate source of complaint on either side of this House.

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In what I have written or said about Bill C-4 in relation to my January 21 meeting or otherwise, I have tried to be crystal clear that the debate in this House is obviously ongoing and that the bill is not yet passed. I suspect that came as no surprise to farmers. If the details change, then there will have to be further consultations again. But in the meantime there is no gag order on any member of this House to prevent them or me from talking with farmers about what is being proposed.

The opposition has urged on a number of occasions that we implement the essence of the 1996 report of the Western Grain Marketing Panel. The essence of that report is a change in corporate governance to create a board of directors for the Canadian Wheat Board with the majority of those directors to be elected by farmers.

When I met with farm leaders on January 21, that is what we were talking about, how to do it right, how to respond to the essence of the panel report.

Last September I asked all the major western farm groups to give me their practical advice on this issue. Many responded with detailed written suggestions including the very right wing organization whose cause the Reform Party is now espousing in this alleged question of privilege.

• (1010)

An hon. member: This sounds like debate now.

An hon. member: That is debate.

Hon. Ralph E. Goodale: I went further when I appeared before the House of Commons Standing Committee on Agriculture and Agri-Food to discuss Bill C-4 last October. I told the committee that I had consulted with farm groups about election methodology and I asked that committee the exact same questions that I asked the farm groups. So Parliament was fully informed and engaged and there was no complaint from the opposition for over three months.

The farm groups responded seriously and substantively both in writing and on January 21. I cannot help it if the Reform Party did not respond, even though it was specifically invited to do so through a parliamentary committee.

I will refer briefly to two remarks made on Tuesday by Reform members. The member for Peace River said: "The minister publicly stated that he wants the board of directors in place before this legislation has been debated properly on the floor of the House of Commons and passed". In fact I have repeatedly stated the exact opposite. The board of directors cannot be in place. Democracy and accountability cannot be achieved for the Canadian Wheat Board unless and until Bill C-4 is finally debated and passed.

The member for Prince George—Peace River said: "I think it is high time that this House demonstrate to the ministers and their

departments a little democracy over bureaucracy". I agree. That is what Bill C-4 is all about, empowerment and democracy for prairie farmers. Surely a minister consulting with those farmers about how to get there is no question of privilege.

The Speaker: Colleagues, while the minister was making his statement today, I heard cries from the other side that this was debate. I myself did not think this was any more debate than the interventions of the other members in this matter.

The points have now been put before me. Allegations have been made by one side. Now we have heard the other point of view from the other side. As to the specific allegation itself, I want to review specifically what the member for Prince George—Peace River said in his question of privilege concerning the specific allegation. Other opinions were presented to back it up and there may be some other facts that I want to take into consideration. I now have the minister's statement. I have heard both sides. I will have a look at all the material that is in front of me and I will come back to this House with a decision.

Mr. Dick Harris: Mr. Speaker, in the minister's long and exhausting preamble he referred to hardworking farmers who are concerned about their livelihood as radical right wing factions. I would ask that the minister with—

The Speaker: I see we are getting a little into the debate and I am sure that all hon. members will want to give me time to review just exactly what has been said. For the time being we will let this sit. I will come back to the House with a decision.

ROUTINE PROCEEDINGS

• (1015)

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Adams (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 four petitions.

* * *

CANADIAN PARKS AGENCY ACT

Hon. Andy Mitchell (for the Minister of Canadian Heritage) moved for leave to introduce Bill C-29, an act to establish the Canadian parks agency and to amend other acts as a consequence.

He said: Mr. Speaker, I have the honour today to table on behalf of the Minister of Canadian Heritage a bill entitled an act to establish the Canadian parks agency which will modernize the

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framework for preserving, protecting and expanding national parks, national historic sites and related protected areas.

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

* * *

FOOD AND DRUGS ACT

Mr. Grant Hill (Macleod, Ref.) moved for leave to introduce Bill C-307, an act to amend the Food and Drugs Act.

He said: Mr. Speaker, we have titled this bill the Reform health freedom amendment.

This bill is designed to change the regulatory framework for natural health products in Canada. Today these products can be regulated in a very heavy handed fashion.

We believe the government should only be regulating if there is proven harm, proven side effects or proven contamination. In other words, if the product is safe why would the government be involved in the regulation at all.

This bill has received a fair amount of public support. The health committee is currently studying this issue. It is quite timely that it should be placed on the docket at this time.

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

* * *

BEVERAGE CONTAINERS ACT

Mr. Steve Mahoney (Mississauga West, Lib.) moved for leave to introduce Bill C-308, an act respecting beverage containers.

He said: Mr. Speaker, this legislation would encourage recycling by ensuring that all beverages sold in Canada are sold in containers upon which a refundable deposit would be charged. It would benefit the municipal sector in the area of landfills and in the blue box program.

I am pleased to introduce this bill.

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

* * *

PETITIONS

CRTC

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I am pleased to rise today to present this petition on behalf of approximately 150 signatories from the city of Calgary and Airdrie in Alberta.

On July 22, 1997 CRTC refused to license four religious broadcasters, including one Roman Catholic service and three

multi-denominational services. At the same time, on the same day, it did license the pornographic Playboy channel.

• (1020)

The petitioners therefore pray that parliament review the mandate of the CRTC and direct the CRTC to administer a new policy which will encourage the licensing of religious broadcasters. I know I am not supposed to, but I certainly concur with these people.

[Translation]

VIA RAIL

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, as the member for Lévis, I would like to table six petitions, which go with the three petitions I tabled before the holidays.

These six petitions represent 8,461 signatures. In all, 10,847 people request the following: "We would like VIA Rail to continue to use the Lévis intermodal train station and also the Montmagny subdivision trunk line between Harlaka and Saint-Romuald for the operation of the Chaleur and Océan trains".

The people are from all over my riding: 3,386 from Lévis, 2,246 from the south shore, 3,954 from Quebec City and its environs and 1,219 from elsewhere, for a total of 10,847.

[English]

LUBICON CREE

Mr. Peter Adams (Peterborough, Lib.): Mr Speaker, I wish to present a petition on behalf of residents of Peterborough riding in support of the Lubicon Cree of Northern Alberta who have been struggling for 50 years to secure a land base for their community.

They point out that the government has collected significant royalties and taxes on more than \$9 billion in oil and gas revenues taken out of Lubicon territory.

These petitions call on Parliament to negotiate a quick and fair settlement with the Lubicon, including a 243 square kilometre reserve, funds and resources for infrastructure, and they ask that all developments in the boundaries of the proposed reserve be halted until a settlement is reached.

FAMILY

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present two petitions from my riding.

The first one containing a few hundred names is concerned about the continued intrusion by the government into the way parents are raising their children. The petitioners request that Parliament affirm the duty of parents to responsibly raise their children according to their own conscience and beliefs and to retain section

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43 in Canada's Criminal Code as it is currently worded. I support that position, although I know I cannot say that.

HUMAN RIGHTS

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, my second petition containing several hundred names is concerned that the unborn have no legal rights in this country. The rights of the preborn child are not guaranteed in the charter of rights and freedoms.

Therefore these petitioners call on Parliament to enact legislation to protect the preborn by amending clause 28 of the charter of rights and freedoms to read "notwithstanding anything in this charter, the rights and freedoms set out in it are guaranteed equally to male and female persons from conception to natural death". I personally support this as well.

JUSTICE

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, according to section 36, I would like to present a petition from many people in northern Alberta. They believe that the provocation defence, as it is currently used in femicide and wife slaughter cases, inappropriately and unjustly changes the focus of the criminal trial from the behaviour of the accused and his intention to murder, to the behaviour of the victim, who from then on is identified as the one responsible for the accused's violence.

They are obviously asking and praying that Parliament review and change relevant provisions of the Criminal Code to ensure that men take responsibility for their violent behaviour toward women. That is only sensible.

EMERGENCY PERSONNEL

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to present a petition from a number of Canadians, including my own riding of Mississauga South.

• (1025)

The petitioners draw to the attention of the House that the police officers and firefighters are required to place their lives at risk in the performance of their duties on a daily basis, and that the employment benefits of police officers and firefighters often do not provide sufficient compensation to their families for those whose spouses are killed in the line of duty, and also that the public mourns the loss of a police officer or firefighter killed in the line of duty and wishes to support in a tangible way the surviving family members in their time of need.

The petitioners therefore pray and call on Parliament to establish a fund known as the public safety officers compensation fund for the benefit of families of public safety officers killed in the line of duty.

JUSTICE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, I am very happy to introduce a petition in this House from over 2,000 people across the country. Persons convicted of indictable offences and serving prison terms have been able to change their names while in prison. Being able to change their names enables these persons upon their release to remain unknown to local police and to give the impression of not having a criminal record.

Therefore the petitioners call on Parliament to enact legislation which would prohibit convicts serving terms of imprisonment for indictable offences from being able to change their names.

I submit that to the House and will follow up with a private member's bill.

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, I am pleased indeed to present a petition on behalf of the people of Lakeland constituency. This petition deals with sentencing guidelines for physical and sexual assault offences. They call for changes involving minimum sentence, that sentences when more than one crime has been committed to be served consecutively and for people who have been found guilty of this type of crime to be remanded to prison.

Again, I am very pleased to present this petition on their behalf.

CRTC

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I appreciate that you recognize I am most in need of exercise, so you have me stand up and sit down most often. Thank you.

I am proud to represent directly the constituents of Elk Island in their petition. They are deeply concerned about the fact that the CRTC promotes violence, sexual exploitation, the degradation of women and children and also men through pornographic channels which are approved but refuses to allow Christian broadcasters to get a licence, even though apparently our constitutional rights give us freedom of religion, conscience and expression.

The petitioners plead that Parliament review the mandate of the CRTC and change its policy so that this type of religious broadcasting is permitted and the other one shut down.

I am proud to present this petition on their behalf.

TAXATION

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, it is an honour to present a petition pursuant to Standing Order 36 on behalf of a large number of residents of Kamloops who are concerned they are paying too high levels of taxation, and concerned that the tax load is acting as a problem when it comes to economic development and investment.

The petitioners are asking the Government of Canada to undertake a complete overhaul of the tax system to ensure that all the tax exemptions presently in existence make sense economically.

SENIORS

Mr. Nelson Riis (Kamloops, NDP): On another matter, I have a petition signed by a number of soon to be seniors from the city of Kamloops who, since the government has now set aside the seniors benefit package, hope that before any changes are made an adequate opportunity is provided to Canadians to react to the proposals once they are presented and not simply slipped through as they were worried was going to occur.

The Deputy Speaker: I presume that concludes petitions and might I remind hon. members of two rules in respect of the presentation of petitions. One is that hon. members are not to read the petition to the House but are to give a brief summary of the petition. Second, members are not to express their concurrence or otherwise with the contents of the petition.

I urge hon. members to comply with the rules in that regard. I think the Chair has been very lenient today.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

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

• (1030)

[English]

Mr. Paul Szabo (Mississauga South, Lib.): I rise on a point of order, Mr. Speaker. I appreciate that you have risen with regard to the issue on petitions. I believe there are very good reasons for the House rules with regard to whether a member concurs.

Certainly all members of Parliament represent all constituents and there may be cases where members of Parliament do not for good reason support but do not get an opportunity to make that case.

I would therefore ask the House if it would not only remind members of that rule but possibly provide members with the substantive reasons for the rule within this place.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the hon. member raises a point about presenting petitions on behalf of our constituents.

The point is that we do represent our constituents by the presenting of petitions, whether or not we concur with them. There

Supply

are many that I presented in this House that I do not concur with and I have managed to slip that in after I have presented the petition. In the same way there are many that I personally support.

I do not agree with the member's theory that we should not be permitted to give our opinion on a petition. The fact is we present them on behalf of our constituents.

The Deputy Speaker: The point is that the rule is there. I am as the officer of the House charged with the responsibility of enforcing those rules and asking members to observe the rules.

An hon. member: They are not rules.

The Deputy Speaker: An hon. member says they are not rules. They are certainly an established practice and have the force of a rule in the House. Not every rule is written as such.

I urge hon. members to comply with that position. If there is to be a change in it, there is a procedure for doing that. Hon. members know they can raise the matter at the procedure and House affairs committee. I am sure that if the committee presents a report the House will consider it.

The Deputy Speaker: Shall all questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—GOVERNMENT SPENDING

Mr. Preston Manning (Calgary Southwest, Ref.) moved:

That this House condemns the government for imperilling the economic and social security of Canadians with their reckless commitment to dramatically increase spending, at a time when the average family's share of the federal debt is approaching \$80,000 and Canada has the highest personal income taxes in the G-7.

He said: Mr. Speaker, as we move toward the 21st century one of the things that Canadians have a right to expect from their federal government is leadership, far-sighted, decisive and strong leadership, but that is not what the Canadian public has been receiving from this government.

I talked to a pollster several weeks ago who conducts a lot of polls and focus groups and is particularly observant of the adjectives that people use to describe the government of the day.

He noted that in the last days of the Mulroney administration the word arrogant occurred more and more frequently as the adjective used to describe that government.

Supply

I asked what adjective is being applied to this government as it enters into its last term. He said the adjective that is being applied to this government by Canadians more and more is the word weak.

In case some hon. members are not sure what that word means or think that it refers to seven days in a row, according to the dictionary these are some of the synonyms for the word weak: feeble, frail, fragile, infirm, decrepit, impotent, strengthless, powerless, flaccid, anemic, exhausted, flimsy, broken down, run down, rickety, tottering, doddering, broken, lame, halt, withered, maimed, shattered, shaken, palsied, decrepit, languid, poor, infirm, faint, sickly, vapid, flat, insipid, watery, loose, lax, nerveless, slack, spent, weatherbeaten, decayed, rotten, worn, seedy, languishing, wasted, unsupported, helpless and defenceless.

Today we want to focus on a particular area where the weakness of the government is self-evident. The subject of the supply motion before us condemns, and rightly so, the government's management and mismanagement of Canada's high debt and taxation levels.

• (1035)

The government is fundamentally weak on debt reduction and tax relief and it is the duty of the House to hold it accountable for that weakness.

There is a critique of the Liberal position and Reform's alternatives for debt reduction and tax relief which we have produced in a little booklet entitled "Securing Your Future". This is a summary of a longer 50 page paper containing the results of the prebudget consultations conducted by the official opposition entitled "Securing the Dividend".

All this material has far more to say on debt reduction and tax relief than anything produced by the finance committee of the House. It is the work of the official opposition research and communications people, with the supervision and involvement of the hon. member for Medicine Hat, the hon. member for Calgary Southeast, the hon. member for Prince George—Bulkley Valley and the hon. member for Battlefords—Lloydminster. I thank them for the enormous amount of work they have done on this subject.

I should also mention to the public that this booklet can be obtained from any Reform MP or by contacting us at 1-888-733-6761, or at our web site, www.reform.ca.

This booklet also contains a score card for rating the finance minister's forthcoming budget with respect to its treatment of debt reduction and tax relief. This score card for rating Liberal financial performance was inspired by the score cards used to monitor rowing contests, rowing being the only activity we can think of where one can sit on one's rear end and go backward and still have some chance of crossing the finish line.

On the debt problem, this is the essence of it. Under Liberal-Tory mismanagement the federal debt rose to \$583 billion, which is 70%

of the GDP. Over the past 25 years Liberal administrations added \$195 billion; the Tories, \$300 billion; the current administration, \$75 billion. Canadians spend \$45 billion per year on interest, more than on health, education, equalization and pensions combined. The interest on this debt is the greatest threat to social programs.

To put this in understandable terms, most Canadian families have a mortgage but what this debt does is establish a second mortgage on the future of every family of four to the tune of \$77,000. The average family, therefore, pays \$6,000 to \$7,000 a year in taxes on that mortgage, so this debt erodes the disposable income of every family in the country.

In summary, the Liberal-Tory record of debt accumulation is the worst of any post-war government in the western world. It is a national disgrace and strong leadership is required to correct it.

The official opposition therefore proposes that Canada make federal debt retirement a top financial priority by committing 50% of any future federal surpluses to debt reduction. We believe that we are supported in this by a majority of the Canadian people.

If we were to say to average families saddled with a \$77,000 second mortgage because of the federal government that they will receive some extra cash this year, we are convinced that most families would make it their number one priority to pay down that mortgage, and that is what we are saying the federal government should do.

In this booklet and in the background paper that supports it we have set down a plan to pay down the debt. It includes setting debt reduction targets and sticking to them, aiming to reduce the debt from 70% of GDP to 50% by the year 2003 and to 20% by the year 2016. In other words, the debt would almost be cut in half by the year 2016, in 20 years. That could cut the second mortgage on the family from \$77,000 to \$39,000. If the Government of Canada did that it would save about \$20 billion in interest payments per year by the 20th year.

To back up this debt reduction plan we also propose balanced budget legislation, a legal requirement to keep the budget balanced over a four year cycle, a legal requirement to put 50% of any defined surpluses into a national debt retirement fund, and penalties on ministers and on MPs for violation.

Six provinces of Canada have balanced budget laws. There ought to be a federal law to make a repeat of the Liberal-Tory debt accumulation illegal.

• (1040)

Turning to the Liberal-Tory tax record, under Liberal-Tory administrations Canadians have been subjected to over 108 federal tax increases since 1984, 71 by the Tories and 37 by the Liberals. We now have the highest personal income tax levels among G-7

Supply

industrialized countries, some 56% higher than the average of those countries. We do not just tax the rich. Canada's top tax rate kicks in at incomes of \$60,000 a year. In the U.S. it kicks in when one makes \$270,000.

I often go to universities to speak to the students. Invariably, when we have an open question period, some student will stand and say "I am graduating next year with a computer science degree" or a degree in this or that. "Here is my tax position in Chicago and here is my tax position in Canada. Why is the tax incentive to leave the country rather than to stay?"

We do not just overtax the middle class. We overtax the lower middle and the poor. Canada starts taxing people when they make \$6,500 a year. Even the heartless U.S. does not start until one makes \$9,500. The average among the OECD countries is that one does not start paying income tax until one makes about \$15,000 a year.

The Liberal government currently takes \$1.8 billion a year from people who make \$15,000 or less and takes \$12 billion from families who make \$30,000 a year or less. In other words, it collects almost \$14 billion a year in taxes from people who, by its own definitions, are near or below the poverty line.

Last year, to add insult to injury, the government announced the biggest tax hike in history, bigger than the Mulroney GST, the finance minister's 73% hike in CPP premiums.

Putting this again in understandable terms, the disposable income of the average Canadian family has dropped by \$3,000 as a result of the taxing policies of the Liberal administration. There has been economic growth in the country since 1993 but governments have consumed the lion's share of it. The average Canadian family now spends more on taxes than on food, shelter and clothing.

I do not have time but other members will get into this point. Reform has a concrete plan for tax relief. We want to make tax relief a real priority by committing 50% of future surpluses to genuine broad based relief. We urge the government to adopt these tax relief measures. We list nine particular measures in "Securing our Future". These measures plus the indexing of personal income tax add up to about \$20 billion a year in tax relief by the time all are delivered over a period of five years.

The Reform target would be to provide \$2,000 of tax relief to the average family of four by the year 2000 and to lift 1.2 million taxpayers off federal tax rolls altogether.

We will urge the government to proceed immediately with tax relief measures that stimulate job creation. One of those of course is to make a 30% reduction in EI premiums paid by employers, to stop using the EI surplus funds to offset general deficits, and to convert the EI into a genuine job loss insurance program. This proposal is based on the simple proposition, which seems self-evident to everyone but the government, that high taxes kill jobs and

that lower taxes create jobs. It is time for a national job strategy built on that principle.

When it comes to financial reforms, timing is everything. We say now is the time for debt reduction. Now is the time for tax relief. Now is not the time for increased federal spending.

The official opposition, therefore, does not support the government's plan to make increased spending the top priority by committing 50% of any surplus to increased spending. We do not support the finance minister's plan to increase program spending from \$103 billion to \$113 billion over the next three years.

We advocate holding the line on program spending for three years at \$103 billion, saving and spending more wisely during that period until we get our financial house in order, not wasting on mismanagement such as the helicopter decision, such as numerous decisions the government has made, and reducing spending in some areas in order to hold the line.

• (1045)

That does not mean you cannot increase spending in some areas like health care or research but if you do, you have to reduce something else just like the way most of the families in this country have to live.

After the year 2000, we say to hold spending at 10.5% of GDP. After 2000 spending can be allowed to increase but not faster than the economy is growing.

To reiterate, now 1998 to the year 2000 is not the time for increased federal spending. Now is the time for spending what we have more wisely, for saving, for paying down debts and reducing taxes.

In conclusion I want to say two further things. The first one is to the public. This is a watershed budget year. Very often budgets are simply a one year extension of whatever was done the previous year with a whole lot of PR hype around it to make it look like something more is being done. That is not the case this year. We are actually at the point where the federal budget should be balanced and therefore some crucial decisions with respect to future direction have to be made.

I appeal to the public to inform themselves on this issue, to look at the finance minister's budget in detail, to look at Reform's plan "Securing Your Future" and to communicate their advice and their position to elected representatives. If they share our conviction that debt reduction and tax relief should be the highest priorities, please let this Liberal government know in no uncertain terms.

I also say to the House that I feel we should all be conscious of a sense of urgency on this matter. It has taken 15 years to balance this federal budget. 1983 was the first year the polls showed sufficient public support to implement a vigorous budget balancing policy in this country. The election of the Tory government in 1984 was largely based on that appeal. People balked, they were tired of

Supply

Liberal overspending and they thought the thing to do was to elect a Conservative administration.

We know what happened. Conservatives were elected in 1984 and re-elected in 1988 but the debt continued to grow, the taxes continued to go up and the deficits got worse.

It was in 1993 that a block of members were elected to this House who made deficit reduction their number one priority. Under constant prodding from Reform and from others throughout the country, the Liberal government finally has got the deficit under control and will have the budget balanced by 1998.

My point is that it took 15 years to implement a self-evident policy for which there was public support. It still took 15 years to do it. My point is that we cannot afford now to take another 15 years to get debt and taxes under control.

The leadership of this government on debt reduction and tax relief is weak and indecisive. It needs to be prodded like it has never been prodded before. This is why the official opposition urges support of this supply motion that this House condemns the government for imperilling the economic and social security of Canadians with their reckless commitment to dramatically increase spending at a time when the average family's share of the federal debt is approaching \$80,000 and Canada has the highest personal income taxes in the G-7.

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I was indeed amazed when the Leader of the Official Opposition mentioned rowing.

Far be it from me to indicate to hon. members present that I am on the Henley rowing team but I do remember something that F. Scott Fitzgerald wrote in the last lines of *The Great Gatsby*, not to be mistaken for the great Myron or anything. In *The Great Gatsby* he wrote "rowing against the tide but borne back ceaselessly into the past".

The difficulty I have with the rowing analogy is that on occasion hon. members opposite want to return to the past. It is a rather draconian way of looking at how our country is currently being operated.

• (1050)

I also noted that he used the word weak in varying forms. His etymological skills impress me. I wonder if the hon. member's researchers spent a week researching the meaning of the word weak. I remember him talking about computers and note that the hon. party opposite can be contacted at www.something or other. I wonder if that stands for weak, weaker and weakest.

I am reminded of something Shakespeare's MacBeth said: "Out, out brief candle; life is but a walking weak shadow, a poor player that struts and frets his hour upon the stage and it is heard by

nothing. It is a tale told by an idiot signifying nothing". That is not my terminology. The hon. member opposite does strut. He certainly does fret. I do not agree with MacBeth. The hon. member is no idiot. He is a very clever man. That is why it really surprises me when he speaks about the taxes of the current Liberal government.

The hon. member said that a single mother who earns \$15,000 and has one child would pay \$1,364 in income tax. The real facts are that over four million—four; one, two, three, four—four million people in this country pay no taxes.

The member talked about leadership. A leader is a custodian of the nation's ideals, of its cherished beliefs and permanent hopes which make a nation out of a mere aggregate of individuals. I ask the hon. member and his party how in heaven's name we will be able to coalesce in this country when he perhaps unknowingly wants to indulge in proposing such divisive tax measures.

I could go on and on but I know—

An hon. member: You have, you have.

An hon. member: More, more.

Mr. Hec Clouthier: It is so great to get the accolades from the members opposite.

I would like the hon. Leader of the Opposition to indicate how he believes the Liberal Party is being injurious to this country when he knows full well that there was a \$42 billion annual deficit when we inherited the leadership of this country. Now the deficit has not only been eradicated but it is quite possible that we will have a surplus. At one time or another the members opposite quite obviously voted for another political party other than their current party which must have run up that bill in an extraneous fashion.

Would the hon. member opposite care to indulge the estimable group on this side of the House with what he believes could lead us to a brighter future?

Mr. Preston Manning: Mr. Speaker, we were impressed by this member's commentary during his intervention, in particular the demonstration of his capacity to count to four and also his recitation of the one and only Shakespeare quotation he knows. We appreciated that contribution. Please, not more, not more.

There were really two questions in his intervention. He wants us to give the federal government credit for this balancing of the budget. We have already argued that we have pressed harder than any others in the House for the achievement of that objective so of course we are pleased when we get to that point.

However there is something the government must recognize and apparently the member missed my entire point. There are four things wrong. That is a number he should be able to grasp. There are four things wrong with the federal fiscal house. One is the

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deficit, another is chronic overspending, another is the high level of debt and another is the high level of taxation.

• (1055)

Any member in this House who is under the illusion that the fiscal house of the federal government can be fixed by fixing only one of those flat tires has an awful lot to learn. What we are endeavouring to do is get the member beyond this point to the point where he recognizes that increased spending by the federal government is the wrong course. A new attention to debt and tax relief has to be given. That was the whole thrust of my talk.

The member's allegation is that somehow what Reform is proposing is divisive to the country, or in other words tax relief is divisive but spending brings us together. If high spending brought us together this ought to be the most united country in the world. What Reform's tax relief measures do is something that is beneficial to every part of the country.

My time did not permit me to translate our \$20 billion of tax relief into its regional impacts, but let me give the member those regional impacts. If the government implemented that package of \$20 billion in tax relief measures per year, the nine measures listed in our program, this is what that would deliver per year to the regions of Canada.

Atlantic Canada would get \$1.4 billion per year, more than what the government has ever paid in regional development grants. This is given to the many rather than to the few and you do not have to be a friend of the government to get it. Quebec would get \$4.5 billion a year in tax relief. To Ontario, \$7.5 billion a year. To Manitoba and Saskatchewan, \$1.4 billion in tax relief. To Alberta, \$1.9 billion. To British Columbia, \$2.5 billion.

I suggest that if we gave that kind of tax relief to every part of the country, it would do more to stimulate our economy and bind us together than the divisive and patronage-riddled spending of the federal government.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I also have a question for the Leader of the Official Opposition. My preamble will be somewhat shorter than the previous one.

I would like to tell the leader of the Reform Party that the quote was not from Shakespeare, it was in fact from F. Scott Fitzgerald.

The arguments that the hon. member makes are interesting. I would like to ask him a question about the GST. One of the proposals people have been suggesting is that one way to stimulate local economies, neighbourhood economies right down to the suburbs, would be to phase out the GST. With the elimination of the deficit, which was one of the arguments for the introduction of the GST, what does the Leader of the Official Opposition think

about the proposal that now is the time to begin phasing down the GST?

Mr. Preston Manning: Mr. Speaker, the short answer to the member's question is that we favour reducing the GST rate by 1% which saves taxpayers about \$3 billion. That is one of the tax relief measures contained in this menu of tax relief measures.

Our longer term proposal for the GST is to flatten and simplify the income tax system and integrate the GST into it thereby eliminating it all together. We favour this as an intermediate measure because the other reform is a huge and complicated one, the 1% reduction in the GST.

There is another point I would make to the members of the NDP, and I make this sincerely. There is an awful lot of disagreement between Reformers and the NDP on a lot of things but I plead with the NDP to look at this issue of debt reduction and tax relief from a social standpoint. This is an area in which the NDP professes to have deep concerns and values.

We argue that high debt is socially irresponsible. It is the interest on that debt that is eroding all the programs the NDP hold most dear. We argue that these are punitive tax measures, particularly the ones that hit the lower income people. We can argue what is the best way to help those people, but surely leaving more money in their pockets has to be the socially responsible, not just the fiscally responsible, thing to do.

I appreciate the member's question. I would appeal to the members of the NDP to support these measures, perhaps for somewhat different reasons than ourselves, but to take into account the social as well as the fiscal implications of what we are proposing.

• (1100)

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, judging from today's Reform motion the official opposition has clearly not seen the movie *Titanic*. It should. Then it would realize what perilous policy can ensue; the disaster that can occur when speed is put ahead of cautious progress; the tragedy that can follow when it is decided that lifeboats are not a necessity.

That is very much what the motion endorses, a titanic rejection of responsible and balanced decision making at the national level.

The motion condemns the government for its pledge to divide any surplus which we may have in a coming budget, half to investment in economic and social measures and half to tax reduction and reducing the debt.

Reformers do not want us to make these investments in Canadians and in their social and economic future. Full speed ahead, they demand, on tax cuts and debt reduction. Scrap the lifeboats.

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They reject the investments we have made in education, in health care, in innovation and in combating child poverty.

That is the party which wants us to cut \$1 billion from government programs to help Canada's aboriginal peoples. It would do away with equalization payments to help those most in need.

Let us look at our record. If it has worked, what is the major impetus to take us away from policies that have succeeded? When we took office just four short years ago the deficit was \$42 billion. We are one year ahead of all the programs put forward by the Reform Party. We will be in balance next year. We have experienced going from a moribund economy that was on the verge of international intervention to an economy with the highest growth rate, with the highest growth rate in jobs of all G-7 countries.

Jobs are of critical importance to Canadians today and for the future. Since we took office the unemployment rate has fallen from 11.4% to 8.6%. That is not good enough, but we have created 937,000 private sector, full time jobs during this period. It is a very important trend which we must encourage and set for the future, and I will speak about it a little later.

During this period of time the finance minister, the government and the prime minister have adopted a policy of sound fiscal management. Part of that management for the future is our 50:50 balance, as we have stated.

We will continue to adhere to the paths which have gained us fiscal success in the past and our two year fiscal plans. We will continue to adopt very prudent economic assumptions in budget making. We will have a contingency reserve to look after unforeseen circumstances. We will continue with our economic forecasting. To the extent that we do not have to use the contingency reserve, it will naturally be used to reduce the debt.

We also must have the flexibility to respond to unforeseen circumstances which come about. I mention in this regard the Asian crisis. As the state of the union address indicated, an economy affected anywhere can affect economies everywhere. We have seen how the Asian influence has affected not just the economies of the far east but those of the west.

• (1105)

Had we not taken the measures that we did to put our fiscal and monetary house in order, our dollar would have been far more affected than it was. Of this I am sure. As it is, the Canadian dollar has suffered less because of the Asian crisis than any other currency in the world except for the American dollar.

I am also proud that Canada has assumed its role with the International Monetary Fund in helping to provide funds to stabi-

lize those economies and restore them to a path of stability in the far east. Canada is a very open economy which depends on the international flow of goods, capital, trade and personnel.

In this regard I am very proud the government announced its support for the Toronto Centre at York University school of business. It will be bringing in financial institution regulators from around the world to provide courses and case studies so that we can combat one of the major reasons the Asian crisis took place: insufficient regulatory authority and control over financial institutions.

I am proud to say that the Toronto Centre is chaired by Mr. Ced Ritchie, an individual who has had a very distinguished career in banking in Canada and internationally and brings a great deal of leadership to it. Its executive director is another person of great experience in the financial sector, Paul Cantor.

They are very tangible contributions. They may be small in terms of dollars, but the impact they can have on the world economic situation and that of Canada is critical.

Let us look at our program. It is important to invest 50% of future surpluses in economic and social programs, and 50% in debt reduction and in tax reductions. Even though we will see a balanced budget in the next fiscal year, Canada's debt right now is about \$583 billion. As of October it was about 73.1% of GDP and going down. This is a very high debt burden for all Canadians to bear. This is why we are committed to reducing that debt on a steady and ongoing basis into the future.

What has happened because of our economic performance? Due in no small measure to the leadership by government, to the end of October we were able to pay down \$11 billion of Canada's national debt.

In terms of tax cuts, which I know interest hon. members opposite very much, in spite of the difficult economic circumstances we have faced we have made tax cuts and it has been part of our recovery.

Where have we cut those taxes? To show our priorities we cut them for students and their families to make education more affordable. We cut taxes for Canadians with disabilities. We cut taxes for children in poverty, particularly poor families with a child tax benefit of \$850 million, with more, a second tranche, to come in the future.

I am proud that we have done this in concert with the provinces, both of us targeting our unique resources to help working families at the bottom end of the rung. This is the way it should be in Canada. This is the path I encourage all members to support, governments at all levels working through common goals to help Canadians who need it the most.

At the same time we cut the taxes borne by small businesses which are creating new jobs under our new hires program. We eliminated all payroll taxes for small businesses that took on new employees. That was targeted tax relief for a specific purpose.

• (1110)

We cut by \$1.4 billion the payroll taxes paid by all corporations, reducing the EI contributions from \$2.90 to \$2.70. When we took office it was at \$3.07 going to \$3.30. In spite of difficult economic times we cut taxes in this area.

There is one area in which I think I am proudest as a Liberal to say we have cut taxes. We recognize that governments are being forced to cut back their spending. We have cut back spending. Program spending has been cut by us by \$15 billion. We realized that we had to give the private sector more of a means to fill some of the voids. This is why we enhanced substantially in two budgets the tax benefits available to those who contribute to charitable and voluntary organizations. I am pleased to say they have responded by increased efforts at fund raising and renewed efforts to help Canadians. This is the way it should be.

In terms of our spending let me indicate our priorities during difficult fiscal times. What have we done? We have increased spending on health care in terms of the Red Cross and in terms of aid to those who suffered AIDS through the blood program. A program is forthcoming for hepatitis C victims. We also raised the cash floor of the CHST by \$1.5 billion in transfers to the provinces for the medical attention of Canadians throughout the country.

Another area where we have shown a sense of priority on behalf of Canadians is aboriginals. The condition of Canada's first peoples has a claim on the conscience of every Canadian. This is why the Minister of Indian Affairs and Northern Development recently announced a \$350 million increase to deal with some of the problems of the past that have been incurred and suffered by our first peoples.

A third area where we have shown our sense of priorities for the future of the country is education. In 1874 in the British House of Commons Benjamin Disraeli said "Upon the education of the people of this country the fate of this country depends". Those words cannot be more apposite today in our country. We realize that to have the type of future economically we need Canadians who are among the best trained and best educated in the world.

In spite of the need to get rid of our deficit we have taken concrete measures. We have doubled the amount that one may contribute to a registered educational savings plan to help make education more accessible. We have extended the relief period for interest on Canada student loans. We have introduced tax deductions for the ancillary fees that students must pay to go to an institution of higher learning. We have expanded the educational tax credit to make it easier for people to go back to school.

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In May 1997 we established the Canadian Foundation for Innovation. The federal government's contribution was \$800 million. Together with support from the private sector we will lever it up to at least \$2 billion. These funds will be used to invest in new research and development in our universities, in our colleges and in our hospitals.

We have taken another measure in the last two budgets. I cite what we have done with charitable giving to our educational institutions.

• (1115)

Lastly, I was very proud that in the fall the prime minister announced that the government will establish and endow the millennium scholarship fund. This fund will assist thousands upon thousands of deserving students who might otherwise have been deterred or prevented from obtaining post-secondary education.

As our finance minister recently indicated, this is why the coming budget, and I venture to say succeeding budgets, will further address the issues of access to and excellence in education, recognizing the need to ensure that Canadians are among the best educated of all people in the world, where we truly recognize, as did Disraeli, that our future depends on it.

We have taken a balanced approach, making investments today through social and economic programs that will strengthen our economy, strengthen our social fabric and strengthen in the days and years to come the ability of Canadians to compete in our global economy.

Our balanced program of investment in the future, of reducing taxes and of reducing our debt on a continuous and ongoing basis was something put to the Canadian people before the election last spring.

The people of Canada chose a Liberal government that refuses to relegate Canadians who are in need or at risk to third class steerage on the *Titanic*. Canadians want to continue a course that offers safe travelling and secure arrival and a prosperous future for all Canadians, not just the affluent or the advantaged. This is the Liberal approach. This is our balanced approach for the future.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, I compliment the minister on his speech. I want to make a couple of comments and then ask him a question.

First, I think he misuses the *Titanic* analogy. It is the government that is on the *Titanic* and the iceberg out there is the national debt. If you hit that, you are going to tear a hole in the government, you are going to tear a hole in every social program funded by this country.

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Second, I was amused by his quoting Disraeli. He of course is free to quote whoever he likes. The minister realizes, of course, that Disraeli spent his entire life attacking and trying to destroy the British Liberal party under William Gladstone.

The minister also implied that Reform does not support federal spending. I encourage him to read and study what was actually said. We are prepared to support a spending program of \$103 billion in 1998. That is exactly the same spending program in aggregate terms that the government is proposing. What we are saying is we should freeze that for three years and give greater attention to this debt and tax problem which we say is looming larger.

The third comment before I get to my question is the minister talked about flexibility and the desire to protect the Canadian dollar against instability such as is registered in the Asian financial flu. Surely the minister knows from his own background that the speculators that take a run at the Canadian dollar, or anybody else, look at your fundamentals. They take a run at you when your fundamentals are not right. It is true one of the fundamentals they look at is whether your budget is balanced, but the other fundamental they look at is your high debt levels.

Surely the minister recognizes that we are carrying a lot of our debt on short term money. A one and a half per cent increase in interest rates would add about \$8 billion to interest charges in two years and blow the minister's projections for a balanced budget out the window. Getting the debt down is one of the best protections you have against Asian financial flu.

That brings me to my question. I know the minister will like this because he has sometimes indicated in question period where his heart is. He has admitted to the House that our tax levels are excessively high. He must know that high taxes kill jobs and low taxes help create jobs.

• (1120)

He knows our tax rates are higher than the US and that our unemployment rate is four points higher than the US. He knows that tinkering with taxes is not going to provide the tax relief required to stimulate real job creation.

Why in the name of jobs, why in the name of common sense, does the minister not become a champion of bold, vigorous, major, substantive tax relief within the Liberal cabinet?

Hon. Jim Peterson: Mr. Speaker, our government, in its very first budget in 1994, saw the iceberg. We steered the ship of state around it, and this is why—

Mr. Preston Manning: The debt is underneath.

Hon. Jim Peterson: I think the hon. Leader of the Opposition would be pleased to hear more. We saw it. We avoided it. We were

able, ahead of the schedule set for us by the Reform Party, to get our deficit under control.

I will take some credit on behalf of all government members in this House, but the Canadians who sacrificed to make this possible are the ones who deserve the credit as well. We avoided that iceberg and we have done it in such a way that we were able to almost inoculate ourselves perfectly against the Asian flu.

The hon. member talked about how the international markets have reacted to Canada. They have reacted better to the Canadian dollar than to any other currency except the U.S. dollar, which has always been a safe haven in difficult times. Ours has fallen less than any other currency against the American dollar. This is a sign of international confidence in Canada, but he talks about the debt we are committed to continuing to get it down.

The hon. member talks about tax levels. Yes, we are committed to reducing taxes and we have already shown tangible examples of where we have reduced taxes.

Canada today lies in the middle of the G-7 countries in terms of the total tax burden borne by Canadians. Higher than Canada are France, Germany and Italy, and lower than Canada are Japan, the U.S. and the United Kingdom. We have made one of the three prongs of our economic future that we will continue to reduce taxes. But we are not going to reduce taxes at the expense of people who are disadvantaged in our society, people who need health care, people who need learning, people who need education, families living in poverty, the disabled, people from the regions who deserve help. We are not going to do it at the expense of being able to reduce, on a reasonable basis, our debt burden. We are committed to that. We are doing it in a balanced fashion. That is the difference between us and the Reform Party. We are going to continue the paths which have proved so beneficial to Canadians over the past four years.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I listened with interest to the minister's speech earlier and I want to come back to that.

The minister talked about cutting taxes to persons with disabilities, but he gave us no data on that. What would the tax reduction be for an average individual who is disabled? We know, for example, in the recent CPP changes, the pensions were slashed for folks with disabilities. What I would like to ascertain from the minister is what was the average reduction in taxes for persons with disabilities.

• (1125)

Hon. Jim Peterson: Mr. Speaker, prior to the last election the Liberal Party established a task force of Liberal members of Parliament, headed by our current solicitor general. The task force toured the country and came up with a very thoughtful and caring

report which talked about the real costs of disabilities to many Canadians.

The general implication of the recommendation was that we should try to recognize the added costs that persons with disabilities must bear in order to be full and functioning members of our society and economy.

We undertook to start that process through enhanced credits for home care, for medicine, for new apparatus which they might need and those kinds of things, which would recognize the added burdens they have which do not give them a level playing field when it comes to being members of our society.

If hon. members opposite have suggestions as to how we might further enhance our support for the inclusiveness in our society of Canadians with disabilities, we would welcome their recommendations and suggestions.

[Translation]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, as a member of the Bloc Québécois, I am pleased today to take part in this opposition day devoted to a debate proposed by my Reform Party colleagues.

First, I must say that my political party approves the principle behind the Reform statement to the effect that the government is "imperiling the economic and social security of Canadians with their reckless commitment to dramatically increase spending" at a time when "Canada has the highest personal income taxes in the G-7". I would add that the Minister of Finance's priorities are not fair to the average taxpayer.

We think it is clear that the federal government must stop spending and focus on running the country better. However, the Bloc Québécois' ideas for attaining this goal of reducing spending are a little different from those proposed by the Reform Party.

I will begin by reminding members that last October's cross-country tour of major Canadian cities, and the comments made by organizations and individuals in the course of approximately 50 meetings of the Standing Committee on Finance show that the country as a whole wants the Minister of Finance to change his political tune.

The Bloc Québécois is clear about this: the Liberal government must call a halt to the cuts it has been making to provincial transfer payments since 1993 and, in particular, forget about the \$30 billion it was planning to cut over the next few years.

The Minister of Finance must give back to the provinces the amounts he has cut and must certainly not launch costly new programs with national standards that would interfere in areas of provincial jurisdiction. In Quebec and throughout the rest of

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Canada, the public continues to condemn the Liberal administration.

The federal government is largely responsible for the deterioration in Quebec's health services and for student debt, for our young people being crushed under the weight of the tax burden imposed by the federal government.

Last December, Quebec's premier, Lucien Bouchard, made an interesting proposal to the Minister of Finance. This proposal reflected the wishes of all Quebeckers. The wonderful surpluses soon to be announced by the Minister of Finance should be used as follows: 25% to make up for cuts to transfer payments and 75% to ease some of the load on taxpayers. That is a realistic suggestion.

• (1130)

In this connection, the Minister of Finance ought to abolish the employment tax, or in other words reduce employment insurance contributions by employers and workers, and labour and management are unanimous on this. Even the chambers of commerce throughout the country are insisting that the Minister of Finance decrease contributions.

So what is the Minister of Finance waiting for before taking concrete action in response to these demands? He cannot take action, understandably, because he continues to dip into the employment insurance fund in order to reduce his deficit. What the Minister of Finance will be announcing to us shortly is, in actual fact, nothing more than a simple mathematical operation and the pseudo-surpluses will in actual fact be nothing more than the amounts he has taken out of the employment insurance fund.

The rules as they stand still allow the Minister of Finance to dip into these funds, which were contributed solely by businesses and workers, and which, let us remember, now add up to about \$12 billion.

It must be kept in mind too that the auditor general also strongly recommends an annual report on all employment insurance activities, so that the Canadian people may know how this program is really being administered. To this too the Minister of Finance turns a deaf ear. He continues to obstinately pursue the policies he has always favoured.

Let me now tell you about another solution which could help alleviate the taxpayers' fiscal burden, namely having better control over the numerous service charges created in recent years by various federal departments and agencies. The figures are alarming. These federal agencies implemented service charges when the Minister of Finance authorized them to do so in 1995. The minister stated at that time that it was appropriate to charge such new fees in order to finance part of the programs and services provided by the federal government.

Who is paying for this new approach? The taxpayer. Let me give you some examples of increased service charges by federal

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agencies: a head tax of \$975 for each new immigrant coming to Canada; administration fees for a passport raised from \$35 to \$60.

Another measure directly affects families and outdoor enthusiasts: in 1995-96, \$35 million in entrance fees was collected from users of our lovely national campgrounds, and these fees almost doubled in 1996-97, totalling over \$61 million. Today, access to national camping facilities costs more than to private ones. How can these hidden taxes imposed with the finance minister's blessing be justified when the people of Quebec and Canada are already taxed to death?

The pre-budget consultations clearly showed, once again, that there are two economic visions in the country. The federal government wants to centralize everything, establish national standards and continue to infringe on the exclusive rights of the provinces. As for Quebec, it leads a daily fight to protect its autonomy against this centralizing government. It takes all kinds of actions to ensure that the federal government respects provincial jurisdiction.

The Bloc Québécois is simply asking the Minister of Finance to give the provinces their money back. The minister must correct the social injustice he created for those directly affected by his financial decisions, namely the unemployed, students and low income people.

• (1135)

Where do the finance minister's real interests lie? In the coming months, the Bloc Québécois will speak as often as necessary, here in this House and everywhere in Quebec, to get the point across to the Liberal government. Between now and budget day, we will insist that the Minister of Finance finally see the light.

We stand up for Quebec, whose federal transfer payments were drastically cut these past few years. Also, the Minister of Finance has to stop dipping into employment insurance surpluses and ask his colleague, the Minister of Human Resources Development, to amend the Employment Insurance Act to make it more accessible and compassionate for the workers.

To conclude, we ask that future surpluses be used by the federal government to do justice to the province. Moreover, the government must implement job creation initiatives. Finally, it must be truly responsive to the needs of our people.

[English]

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I listened with some interest and bewilderment to some of the comments actually coming from the hon. member opposite representing the Bloc.

What we heard was a speech on what we should do better in running the finances of Canada. I made some notes. I heard him suggest that we should reduce the employment insurance premiums, increase transfer payments to the provinces, cut the fees

currently charged to new immigrants, cut the increased cost of passports, reduce user fees in our parks and we should redistribute money to students, seniors and people along those lines. This is interesting advice coming from a member of party that is dedicated to destroying the country.

I wonder why we would be given such advice when in fact his party's stated goal is open. There is no question that it is honest about its goal in this country. I find it rather curious.

I heard the member talk in terms of two visions. He said one was of a central government in this country based here in Ottawa with more power and more responsibility in the hands of the national government. The other vision that he talked about was one of decentralization, one that gave more power to the provinces. However, the member must admit that there clearly is in this place a third vision that is propagated by his party which is to secede from the federation known as Canada. I find it somewhat at opposite ends of the particular issue.

I have two questions for the member. If indeed he believes that we should increase transfer payments to the provincial government, and most notably to the province that he represents, the province of Quebec, why would he vote against Bill C-28 yesterday in this place which clearly did exactly that and replaced the transfer payment level back to \$12.5 billion? Is this really just a game or is the party opposite giving us legitimate advice that all Canadians would benefit from? Or is it strictly looking at it in a myopic and self-centred fashion for the province of Quebec?

[Translation]

Mr. Odina Desrochers: Mr. Speaker, I need not remind my hon. colleague opposite that the top priority for the Bloc Québécois and its 44 members sitting in this House is to get Quebec out of the federal system.

Mr. Guy St-Julien: Immediately.

Mr. Odina Desrochers: But in the meantime, we want justice. I did not ask that transfer payments be increased, just that the government give us what is owed to us, the amount of the cuts made since 1993. That is all we are asking from the other side.

We in the Bloc Québécois advocate sovereignty for Quebec. But in the meantime, until the Quebec people chooses sovereignty, count on us to defend in this federal Parliament the interests of Quebec, which are tied to its exclusive jurisdictions: health and education.

• (1140)

The reason we are also going to intervene in coming months in this House is to put the brakes on the numerous standards the government across the way wants to set in its attempts to interfere in exclusively provincial jurisdictions.

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I repeat: the Bloc Québécois is here to defend the interests of Quebec. The Bloc Québécois is here in this House to promote the sovereignty of Quebec, so be prepared in coming months to see us keeping a vigilant eye over the way you are going to administer our money. What we in Quebec want above all is to get what is due to us.

[*English*]

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I wish to comment on the member's remark that he would like justice. I must ask if there is justice if his party continues to wish to separate from Canada when the aboriginal people in his province would like to stay within Canada. Is there justice when the majority of Quebeckers would like to stay within Canada while his party continues to insist that it would like to separate?

[*Translation*]

Mr. Odina Desrochers: Mr. Speaker, what all Quebeckers, whether aboriginal, anglophone or francophone, are demanding is to be the ones who determine the future of Quebec.

I am very pleased to see that the hon. member across the way has so many concerns, but I would like to find out his opinion on his party's offensive relating to the reference to the supreme court. I would like to know if he will be equally objective when it becomes obvious that his federal allies in Quebec are now denouncing the way the Liberal Party of Canada is handling things, denouncing the fact that the future of Quebec has to go through federal courts, which do the thinking for the federal government.

So, before he gives us any lectures about the aboriginal people, I would like to ask his opinion of this objectivity, this great democratic spirit which his government seems to be trying to show with this reference to the supreme court.

[*English*]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I am very pleased to have the opportunity to participate in the debate this morning. This debate gives us a chance to talk about priorities with respect to the upcoming budget, a subject very much on the minds of Canadians across the country. We are debating a resolution introduced by the official opposition to reveal what its budget priorities would be in respect to the upcoming budget. The opposition tries to build its case for the further erosion of government spending in this country.

Reformers have been quite specific about what they see as the formula. It involves a 50% tax reduction. They argue that 50% of any dividend from the reductions in our deficit should go toward debt reduction.

I listened carefully to the Leader of the Opposition as he spoke in this House concerning this resolution. I heard him speak not a single word about real investment in this country, in its infrastructure or in the well-being of its citizens.

Nothing was said to acknowledge the damage and destruction that has befallen the health care system over the past three years because of the misplaced priorities of the Liberal government. Nothing was said to acknowledge that we presently have a severe access problem in Canada with respect to young people getting the education they need. Nothing was said about the crumbling infrastructure. Nothing was said to acknowledge that we as a modern nation are doing very little and less than every other OECD country with respect to research and development in Canada. This is very serious in the area of medical research, for example.

• (1145)

There is nothing to acknowledge that their propositions and proposals would further erode any commitment to community based economic development and any commitment to address regional inequalities in this country. Much less there is no indication whatsoever that they recognize the urgency of doing something to introduce a national child care program, a national pharmacare program and some significant infrastructure to provide home care for the people who are suffering as a result of health care cuts.

People are suffering because the population is aging and less adequate health care is available to them. There is a big burden being heaped on to families and on to communities that do not have the resources to provide that home care which is desperately needed.

Reform advocates a cut in direct spending by another \$8.9 billion. Let us be clear that the bulk of these cuts would hit unemployed workers, would hit regional development, would hit equalization payments to the poorer provinces in this country and would further erode any national commitment to Canadian culture.

The Reform Party does not seem content with the federal Liberal cuts in government spending. Let us be clear that those federal Liberal cuts have brought spending in Canada to a level not seen since 1949-50. I remember when the federal finance minister introduced the budget. He congratulated himself on reducing spending to 12% of the GDP, a level not seen in this country for 45 years.

Does the Reform leader recognize that there has been some damage done in the process? Does the Reform Party leader recognize that yes, Canadians want to see responsible fiscal management but in the main, Canadians feel that the Liberal government has already gone too far and we have to do something about the damage and the devastation that has been wreaked by this recklessness. What do we see instead? We see the Reform Party arguing that we should go even further.

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It occurred to me as I listened this morning first to the Reform Party leader and then the spokesman for the Liberal government that what we are hearing once again are Liberals and Reformers talking about running Canada the way a business is run. It may seem like not a bad analogy to talk about being responsible and to talk about being able to balance budgets and so on.

However, they do not seem to want to run Canada's business in the way someone would run a business if they actually expected that business to succeed, if they actually intended that business to grow and prosper. They want to run Canada like it is the target of a hostile takeover, not a flourishing business; sell off the assets, lay off the employees, take the money and run, move on.

Reform and the Liberals treat Canada like a bad investment. "Pull your money out," they say, "the stock is worthless". Where will Canada be in 20 years if the finance minister and the federal government keep following that Reform vision for Canada?

Where will we be if Korea has invested in the education of its children and the skills of its workers while young Canadians are marching on the streets? Where will Canada be if the U.S. and Chile invest in a modern transportation network while we allow ours to crumble further?

What will happen to the competitive advantage medicare gives us in labour costs for example, not to mention our national pride and attending to the health of the people of our nation, if we allow it to shrivel further and die on the vine?

• (1150)

For the past five years this country has been caught in the confines of the narrow vision and the shrivelled horizon of the right wing debate. Not content with the growing inequalities its prescriptions having engendered, Reform wants to further dismantle the ability of government to act in the public interest and turn over still more of our economic life to the whims of the free market.

When I was listening to the Reform leader's advocacies in this House this morning, I was in my office meeting with a group of Canadians who are desperately concerned about what we are doing to the lives of children and families in this country. They are very concerned about what it does both to the lives of individual children and the soul of a nation for the government to be contributing through its calculated deliberate adopted policies to the growth of poverty among our children. They are concerned about what it does to the lives of people and to the future of this nation to be fueling those policies advocated by Reform and adopted by the Liberals, to be increasing day in and day out the inequality, the gap between the super rich and everyone else in this country.

An hon. member: How about giving them a real job?

Ms. Alexa McDonough: Nothing in any of the proposals put forward this morning deal with that fundamental challenge. We hear one of the Reform members say, "How about giving people a real job?" That is a good start. That might be one of the few things that has ever come from the Reform benches with which I agree. Let us look at the question of what it means to be concerned about making sure that people have jobs.

I do not hear the Reform Party saying this, but it is absolutely true that until last month individual Canadians, children and families, were living with an unemployment level above 9% for 86 consecutive months. Finally that unemployment level for the first time has come down a little bit and we have the government saying its policies are working, that it has the economic fundamentals right. We have Reform egging the Liberals on saying, "Therefore let us cut government funding even further, let us cause even more devastation".

If the Reform Party were serious and if the government were serious about making jobs the centrepiece of its economic and social platform, for starters it would look at what it has done to erode the potential for jobs in this country because of the massive cuts to research that have taken place. Let me just zero in for a minute on the issue of medical research. This is a real challenge that we face in this country.

Over the last decade we have seen an erosion in the commitment to medical research in this country that puts Canada in the very worst position among the G-7 nations. I want to refer to an excellent paper that was presented by the associate dean of medicine at Dalhousie University in my home riding of Halifax. Dr. Dickson, the author of that paper, has put forward a very compelling set of facts and arguments why this government has to face up to the fact that it has caused a steady erosion of commitment to medical research over the last decade and what the implications of having done that are for the future prospects in this country.

There can be an argument made that there is no better way. This is an argument which in fact has been advanced by the OECD. There is no better way to advance the development of jobs in this country than to recognize the need to invest in research. In so doing we not only end up with a better educated nation, we end up with a better infrastructure and an increased capability to generate jobs, the kind of high wage jobs, the high end jobs, the value added jobs that are part of the new economy if we take it seriously and we seize that challenge.

• (1155)

But what do we hear from Reform? We hear advocacies that would take us in the direction of the worst kind of low paid jobs, unprotected because the marketplace is going to do it all.

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I had the opportunity recently to spend five days meeting with a group of political economists, academic researchers in the Boston area from Harvard, Brandeis, Boston University and MIT. They had some warnings for Canadians with respect to where the Reform Party is trying to drive this country and the fact that the Liberal Party seems all too willing to accommodate the advocacies of the Reform Party.

What did those American political economists say to us? They said not to be too impressed by the unemployment level in the U.S. which is at 4.7% today. Frankly that surprised us because on the face of it, it looks like exactly what we would want. But that is what they said and we must heed their advice because not to heed their advice is a very short-sighted thing for us to do. They said, "If you keep pursuing the kinds of policies that the Government of Canada has been pursuing in recent years, very much advocated by the Reform Party, you will end up with jobs that are unprotected, jobs that are inadequate in their pay, jobs that have no security and no future attached to them. You want to look very carefully at what kind of country you are going to end up with".

What kind of country we are going to end up with is exactly what those folks who were in my office wanted to talk to me today about with respect to policies affecting children and families. The kind of country we end up with when those are the kinds of new jobs we create when at the same time there is a greater amassing and concentration of wealth among the most privileged in society is a Canada that is badly divided, where the social fabric is being torn apart, where there is greater insecurity, where there are increased levels of violence and in the end where social solidarity is shattered.

Let us resist those continuing advocacies from the Reform Party. Let us persuade the Liberal government that there is a better way, that there is a fairer way for us to move forward. That means we have to recognize that investing is what a budget is about.

This party wants to only talk about spending and not recognize that what we are talking about is investing in our children, investing in our families, investing in our communities, investing in our futures. They want to always talk about taxes as if it is something that people throw out their window. Taxes are an investment and taxes are our way of sharing as a society in the burdens and the benefits.

I appreciate the opportunity to put forward some of these concerns. Let us heed the voices of those on behalf of children and families in this country. Understand the difference between spending and investing. Understand the difference between the notion of taxation as some form of punishment and the notion of taxation as a fair way, as a cost effective way for us to ensure that we have our social and economic infrastructure on a sound footing and that we are going to be in a position to move forward, to harness the benefits of the new prosperity if we have invested wisely.

We can make sure that we can offer our young people a sound future, a promising future if we recognize the need to invest in their education and in their well-being. Fundamentally that is a question of priorities.

● (1200)

That is what budgets are about. That is what this debate should be about. I hope that we would hear from some of the other members in the Reform Party and the Liberal Party on what their vision is for the kind of Canada we are going to create if we pursue the kind of divisive policies they keep advocating, as we heard once again from the leader of the Reform Party.

Mr. John McKay (Scarborough East, Lib.): Mr. Speaker, nothing focuses the mind like bankruptcy, particularly the bankruptcy of a nation.

If the hon. member were staring the budget deficit of \$42 billion or \$28 billion or \$8.9 billion in the face, what would she have not done that we have done the past year? Would she have not paid down \$16 billion on the debt? Would she have not cut EI premiums by \$1.4 billion, 1% of the government's revenues? Would she have not given an \$850 million tax credit, with a further tax credit to come, for children? Would she not have restored \$12.5 billion to the cash component of the CHST?

Which parts of these programs would she not have done, because these parts of our program do show our values that one has to be fiscally responsible. One has to be focused. It is fine to talk rhetoric, but I would like to hear the hon. member tell us which one of those programs would she not have engaged in.

Ms. Alexa McDonough: Mr. Speaker, let me say first of all that the member opposite is absolutely right to talk in terms of fiscal responsibility. Let me repeat what I know the member is well aware of.

The New Democratic Party brought forward a very clear set of priorities that would have resulted in the balancing of the budget. It would have resulted in the elimination of the deficit ahead of the deficit reduction targets of the Liberal government and the finance minister.

The difference is that it would have done so at a lower level of unemployment. In other words we would have accepted the challenge, we absolutely accept the challenge of eliminating the deficit. There is more than one way to achieve it.

The way the Liberal government chose to achieve it was to wipe out over \$7 billion in social spending for health, education and for basic social support services for children and families in this

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society, and then congratulated itself for eliminating the deficit. But the government completely failed to recognize that there is not just a fiscal deficit to be concerned about, there is a social deficit. What that means is that we have added to the health deficit in this country. We have added to the education deficit in this country. We have added the burdens that make it all the more difficult for us to move forward in this country from a position of strength. Now those deficits have to be addressed.

The member opposite asks a perfectly fair and reasonable question. What would the New Democratic Party have done instead? Would we have said to heck with the deficit? Not at all. We put forward a program that would have eliminated the deficit ahead of the finance minister's targets, but we would have done it through growth in the economy. We would have done it by making jobs the number one priority, which is what Canadians want and what they still want, instead of saying we will continue to live with over a million and a half Canadians remaining unemployed. At least that many or more are continuing to be severely underemployed.

• (1205)

I do not know whether the member could think of a defence when given those two choices, either choosing in favour of reducing the deficit while unemployment remains at highly inflated levels or whether he would agree that it is a question of having different choices available and choosing the one which has done the most damage to people instead of the one which would have strengthened the economy and allowed us to move forward.

The member talks about us being bankrupt in this country. It is very hard to make a case for bankruptcy as being the lot of many Canadians when we look at the record profits which corporations have amassed over the last couple of years. The bank sector alone has made profits of over \$7 billion. That is where the money is. It is not a question of there not being any money. Canada is wealthier than it has ever been in its history.

The questions are what are we doing with that wealth? How are we reinvesting that wealth for the benefit of all Canadians, not just for the benefit of a privileged few? What are we doing to make sure we strengthen the base, the foundation, on which all Canadians can move forward to share in the benefits of the new economy and to know that our country is headed in a direction which really deals with the basic needs and priorities of Canadians?

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I want to thank the hon. leader of the New Democratic Party for participating in the debate today. However, I want to challenge her thesis that if we spend more somehow the debt will decrease.

I would like to point out to the hon. member that in Saskatchewan the New Democratic Party took quite a different view. In fact, it dramatically cut spending for such things as hospitals and it actually ended up balancing the budget.

In practice the NDP actually does something quite different from what it says. I wanted to point that out.

I also want to point out that for 30 years we have been spending more than we have been bringing in. The result has not been that we have eliminated the deficit. In fact, it is quite the contrary. We have built up a debt of \$600 billion. The only way the government could finally wrestle it down was to cut spending. Granted it did it in the wrong areas, but that is how it eventually did it.

If we could create jobs by spending more we would all have three jobs. I do not think that a \$600 billion debt and 8.6% unemployment point to a formula for creating jobs.

I point out that when the debt rises to \$600 billion it is low income Canadians who pay the most. We have a situation now where the average family in this country pays \$6,000 a year in taxes as its share of the interest on the debt. The interest on the debt has eaten the heart out of social programs. There have been dramatic cuts made to health care and higher education to the tune of 35%.

I do not see how the hon. member can say that somehow if we spend more it will be good for Canadians.

Finally, I want to point out that because we have spent so much we cannot afford the tax relief which low income Canadians need. A single mother making \$15,000 a year still pays \$1,300 in taxes. I do not think the hon. member thinks that is socially just. I ask the hon. member, if that is not socially just, why does she not support a plan which would reduce taxes for people like that single mother and leave that money in her pocket so she can look after her child and guide her life the way she chooses?

Ms. Alexa McDonough: Mr. Speaker, for the second time this morning I actually agree with one of the positions put forward, which was the very last point the Reform member made. Let me say that whenever I think those policies are fair and just I have no hesitation in embracing them.

Yes, there should be a tax cut. There absolutely should be a tax cut for those at the lowest income levels who are paying an unfair portion of tax.

• (1210)

Yes, it is nice to know that the Reform Party has finally come on board in supporting the NDP position to cut the GST. It is certainly an improvement over where it was when it was advocating that we should actually increase the GST and start taxing food as well.

Let me say that policy is paltry and token compared to the other so-called tax reform policies that the Reform Party advocates. Let us look at the proposal to cut the capital gains tax in half. This is nothing but a tax break for the wealthy. By making only 37.5% of capital gains subject to income tax rather than 75%, this would

give those earning \$250,000 a year a tax cut of \$40,000 each and every year. Is that the Reform Party's notion of tax fairness?

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, sound economic policy requires courage, diligence and, very important, consistency.

Last year the Reform Party wanted to cut spending by \$12 billion. Now it wants to put a cap on current spending. Its policy has changed somewhat on that.

Last year the Reform Party was focused on tax reduction and now its current strategy is to focus on attacking the debt largely due to recent polls of Canadians.

We are all waiting with bated breath for the next position de jour of the Reform Party on these important fiscal issues. It is an interesting spectacle to watch the party of prairie populism evolve into the party of prairie poll mongering.

The Progressive Conservative Party stands firm on our campaign commitment to reduce taxes and increase economic activity to benefit all Canadians. The leader of the Reform Party acknowledged earlier today, in speaking about the fiscal dividend, that it has taken 15 years to eliminate this deficit monster.

We appreciate that the leader of the Reform Party recognizes that the steps necessary to reduce and eliminate the deficit began 15 years ago under the PC government of Brian Mulroney who was responsible for introducing the structural changes in the Canadian economy which were largely responsible for putting in place fundamental changes such as the free trade policy, which the Liberals fought vociferously, the GST, which the Liberals fought vociferously and now claim to have invented, the deregulation of the financial services industry, transportation and energy.

It took nine years of Conservative government to undo many of the counterproductive, interventionist policies of Liberal governments which had effectively rendered the Canadian economy incapable of moving forward.

I am very proud of the role that the PC government made, especially in the early 1990s, in courageously moving forward with these policies which laid the groundwork for the elimination of this country's deficit.

Ordinary Canadians have yet to benefit from this current jobless recovery and ordinary Canadians deserve a piece of the pie. The PC party's growth agenda will provide each Canadian with a bigger slice of what will be a significantly bigger pie. The PC party has been extraordinarily clear on this policy and we have not shifted to acknowledge any change in poll numbers like others.

For instance, the leader of the Reform Party said earlier, after a meeting with pollsters, he was told that Canadians feel this

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government is weak. We did not have to consult with pollsters to realize that this Liberal government is extraordinarily weak. We were able to probably save a significant amount of money in drawing that conclusion on our own.

The Reform Party's policy strategy changes are somewhat like the weather and one can only assume that El Nino has influenced its current position. There seems to be an ongoing competition between them Reform Party and El Nino in terms of which one can blow the most hot air from the west.

• (1215)

We continue to believe—and we are resolute in this—that broad based tax reductions to help put money back into the pockets of ordinary Canadians cannot wait until later. They are needed now.

High taxes kill jobs. It is critical to recognize that between 1989 and 1993 the Progressive Conservative government reduced taxes as a per cent of GDP from 14% to 13% from 1989 to 1993. The Liberals have since increased personal income taxes as a percentage of GDP from 13% to 14%.

High taxes reduce disposable income in two ways: reduction in the paycheques of Canadians and reduction in the amount of money they have to pursue their dreams and to attain the goals they set for themselves.

The long term reduction in economic growth that results from a reduction in lower incentive to work and invest is another toll that high taxes put on the Canadian economy.

The Industry Canada report "Keeping up with the Joneses" cites an increasing gap in the standard of living between Americans and Canadians. The take home pay of Canadians has been reduced remarkably compared with that of our U.S. counterparts.

The question could be what are the Americans doing that we are not doing in Canada. The question really should be what they are not doing. They are not taxing the population to death in the U.S. That is what we are doing in Canada and we have to stop.

High payroll taxes are one of the most detrimental impediments to job creation in Canada. We must move to reduce EI premiums. High income taxes and high payroll taxes continue to damage the Canadian economy.

We could look at the impact that has occurred with the brain drain. Young Canadians graduating from university and in order to pay the egregiously high level of student debt they are carrying are having to go to the U.S. to receive higher pay and to pay less taxes. They do not want to go to the U.S., but they are forced to by a Canadian Liberal government that is not acknowledging the need for change in form of tax reform now.

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I quote the industry minister in a November 8 article in the Toronto *Sun*. He said "Taxpayers who have more money in their pockets would have more money to spend. Tax cuts increase domestic consumption".

The industry minister should talk more often with the finance minister. Tax cuts would put more money in the hands of ordinary Canadians and empower Canadians to determine their own financial futures.

The Liberals boast of creating a surplus but the Minister of Finance will not even give the finance committee the updated projection figures from last October.

The next federal budget must send a clear signal that at least one-third of the fiscal dividend will be used to reduce the tax burden on Canadians.

The government should commit to further reducing excessive EI premiums to offset the proposed CPP premium increases. We also have to consider an appropriate framework for the setting of public policy.

This is not a question merely of the size of government, albeit government is far too large in Canada by about 16% of our GDP. Nine per cent of our GDP is going toward paying interest. It is a question of definition of government and the role of government.

What things should government be doing that it is currently not doing? What things is government doing now that it could do differently or could cease doing? What things could government pursue? What new initiatives could government pursue which would result in investment in the future of young Canadians in particular.

Between 1993 and today the Liberal government cut indiscriminately. It cut not just fat but bones, tissue and marrow. It cut the hearts out of many Canadians, especially in Atlantic Canada where the impact of those cuts has been extremely devastating.

After having cut indiscriminately it is preparing to spend indiscriminately. Nothing incites a feeding frenzy in the Liberal caucus faster than the smell of hard currency around the snouts of hungry Liberal backbenchers.

It will be interesting to see, as the weeks unfold, how the Liberal government and the finance minister slash leadership candidate response to the demands of his own caucus on new spending initiatives.

• (1220)

Any new spending initiatives on the part of the government must be based on strategic investment criteria that will improve Canada's comparative advantage internationally, especially in a global

society. We need to ensure a set of criteria is applied to every new spending initiative. This would provide for Canadians an improved comparative advantage in the future and would not simply be another pork barrel policy of government waste.

Let us consider the example of medical research. Canada is the only G-7 country that has decreased its investment in medical research and development funding over the past several years. Canada spends \$8 per capita on medical research compared with the U.S. which spends \$60 per capita. Under the Liberal government MRC funding has been cut to 1987 levels in constant dollars. During the past five years the U.S. has increased funding to its sister councils by 80%.

In a global context, our largest trading partner is investing heavily in research and development. It is making a commitment to strategic investment and creating a centre of excellence for medical technology in the U.S. It frightens me to recognize the impact of our failure to respond to this investment and our failure to invest similarly in Canada in the long term competitiveness of Canadians.

Post-secondary education is another area that has a direct affect on Canadian competitiveness as we enter the 21st century. Student debt has risen by 280% in recent years. Tuition costs have increased by 110%. It is interesting to note that a four year university program in Canada will saddle the average student with about \$25,000 worth of debt. Similarly a four year program in the U.S. will leave an American with about \$18,000 worth of student debt in Canadian currency.

We are making higher education in Canada not less but more expensive. The burden on our young people as they carry this into the workplace is significant. It will impact considerably on their ability to produce as citizens of Canada and to produce within a global arena.

A recent study by the Maritime Provinces Higher Education Commission found that 82% of grade 12 students in Atlantic Canada were interested in higher education. However, 55% of these students say that they will not be able to achieve higher education for financial reasons.

In 1993, when the Liberals gained power, only eight students in Atlantic Canada carried a student debt greater than \$30,000. That number has grown over the past five years to the point that today there are over 900 students in Atlantic Canada with a student debt greater than \$30,000 upon graduation. The figure has gone from eight students to nine hundred in five years.

Atlantic Canada has been particularly hard hit, as have all Canadians, by the Liberal government's attack on higher education. I am proud of Nova Scotia's strong heritage as a cradle of higher education in Canada. The decimation of opportunities in higher education by the Liberal government and its slash and burn policies have inflicted irrevocable damage on the future competitiveness of young Canadians. It is a sad legacy of the government.

The Reform Party said this week that debt should be Canada's number one priority in order to reduce the debt to GDP ratio. There is another way to reduce debt to GDP ratio. We certainly acknowledge that the debt must be reduced. The other way is to actually grow the GDP. Spending initiatives based on the right criteria, including the criterion of competitiveness, will actually bolster the competitiveness of young Canadians. It is possible that certain strategic spending initiatives can improve the GDP ratio and grow the economy faster.

If we focus on cutting the debt and refuse to acknowledge the issues of student debt, consumer debt or personal bankruptcy, all of which have been growing remarkably over the past several years in Canada, we fail Canadians.

• (1225)

The national debt is one debt, but the social debt that is being paid by ordinary Canadians in the balancing of the budget over the past few years has been similarly damaging.

Investing in our young people is a worthy objective. Our party believes that we need to couple strategic investment with debt reduction and tax relief. The Reform Party may over the next several weeks change its policy or emphasis again, but ours will remain constant. Our belief is that Canadians will succeed with a lower debt. Canadians will succeed when provided with lower taxation. Canadians will succeed with a government which is able to redefine its role relative to the Canadian people and to make strategic investments in the areas which will truly impact positively on the future of Canadians.

By cutting transfers the Liberals have effectively shifted debt and financial responsibility to the provinces. Similarly the provinces have shifted responsibility to municipalities. Municipalities have shifted responsibility to ordinary Canadians. The growth in personal debt and the growth in bankruptcies, all such issues, have come from initial decisions.

The Liberals really did not cut the expensive, wasteful, bureaucratic and redundant spending that they could have cut. Instead they tackled the debt by dealing with cuts to the provinces. We can offload a lot of things to the provinces. One thing we should not offload as a government and one thing this government has done is effectively to offload leadership.

We need to reduce taxes. We need to invest in Canadians. We need to ensure that all Canadians have an opportunity to invest in their own futures. Young Canadians need a future where the Canadian economy is healthy and individuals can function competitively in a knowledge based society, without the impediments of fat, ineffective or interventionist governments.

With the PC agenda for growth, Canadians will receive tax relief, debt reduction and strategic investment, thereby enabling

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them to strengthen Canadians' competitive advantages as individual Canadians. Our plan will work for Canadians and our plan will help put Canada back to work.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I thank the hon. member, the new finance critic, for participating in the debate today. I congratulate him on his post.

I want to set the record straight with respect to what my friend said vis-à-vis Reform Party policy on debt. As my friend knows, last fall the party engaged in a round of consultations with Canadians across the country. We specifically went out to hear what Canadians had to say. Canadians said very clearly that they saw the debt as the number one issue across the country. My friend may mock this but the polls in fact confirm that.

No one will ever accuse the Conservative Party of listening too closely to Canadians. We know that. I think people who remember Brian Mulroney will attest to that.

I want to ask my friend a question. We heard a salute to Brian Mulroney from my hon. friend. He lauded the Conservative record, the record where they increased taxes 71 times, the record where they added \$300 billion to the debt, the record where they led Canada into the worst recession outside the great depression that the country has ever seen, and the record where we saw the trust in politicians eroded to new lows because of that prime minister.

Because he seems to think that the previous record was so good, is hon. friend suggesting that a new Conservative government would continue with the self same policies that gave us those record debts, record taxes and record deficits that we had under Mulroney?

Mr. Scott Brison: Mr. Speaker, I appreciate the comments of the member for Medicine Hat.

On government by polls, I do not pay a lot of attention to polls. My party and I determine economic policy which will best lead Canadians into the 21st century. His party had polled that my riding would go Reform last election. I would not be here if those polls had been correct. Therefore I tend to focus on sound economic policy.

When I refer to the Conservative government as having been extraordinarily important in laying the structural changes necessary to eliminate the deficit, those were not completely my own words. Those came from the *Economist* in its preview of the world 1998, which said specifically that much of the credit for deficit reduction in Canada belongs to the Conservative government of the early 1990s which introduced free trade, GST and deregulation of the financial services industry, transportation and the petroleum industry. I suggest that perhaps there are more people than simply I who credit the Conservative Party for what it achieved in the early 1990s.

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• (1230)

When talking about trusting politicians and doing one thing and saying another, I think Brian Mulroney was, for instance, portrayed by the leader of the Reform Party as being a fake. Brian Mulroney did not dye his hair. Brian Mulroney did not have his teeth done. Brian Mulroney did not have his eyes operated on, and yet they refer to Brian Mulroney as a fake. Let us give credit where credit is due.

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, I was going to say something, but I thought the jousting between the two parties on the right was more appropriately described as the reason why they are both on that side of the House and the reason they are going to remain on that side of the House.

I would like to congratulate the member on his new elevation in terms of this very significant, very important work he is going to be undertaking on the committee. But it seems to me that like his brethren and friends and, I guess, former political alliances in the Reform Party, they too have not only a case of amnesia but do not understand their own policies that they have articulated in the past.

The hon. member will know that the motion today is being presented by a member whose party, in a very short period of time, has gone from zero in three to the taxpayers budget, a fresh start, securing your future, yadda, yadda, yadda.

The point is that party has really not got it right yet. It is one of the reasons it is not on this side of the House and the Canadian public understands that very well.

I want to deal with the question and the comments that were raised by the hon. member in his defence of Brian Mulroney, and perhaps a bit of advice. If he drops that, he might find himself a bit more successful in the long run because the Canadian people, as we know, are always right. They full well know that in terms of the budget and in terms of the situation this government inherited in 1993, the \$42 billion deficit was something that was accelerated by his government and the person he is now praising. That is a problem we inherited, it is a problem we are dealing with, and I think we are dealing with it very successfully as adjudged by the Canadian people last year.

In the last election the Conservative Party seemed to have a bit of trouble with its platform. It suggested that one-third, once we achieved the point of reducing or removing or eliminating the deficit, would ultimately be spent on tax reduction. The rest was sort of put toward the balanced budget approach, the balancing of the ultimate deficit.

Perhaps the hon. member could clarify, since it seems that there is a huge contradiction in his statement. The hon. member is so concerned about the outcome of young people and students in this

country who are engaged in education, particularly in his region. I can assure him that there are universities right across this country.

Could the hon. member perhaps illustrate to us the conflict, the problem he sees in saying that we are going to reduce the deficit, reduce the debt, give people all this tax money back and achieve the objective of higher education? How does he do it when he has increased the burden on ordinary Canadians, as evidenced by his friend, Brian Mulroney?

Mr. Scott Brison: Mr. Speaker, I appreciate the hon. member's comments, and perhaps we should ask him to translate yadda, yadda, yadda. Sometimes these are very complex, mathematical and economic equations and perhaps I could lend him a calculator. One-third plus one-third plus one-third equals one, and what we are suggesting is one-third for debt reduction, one third for tax reduction and one third for sound, strategic investments in the future competitiveness of Canadians. I do not think this is particularly difficult but I would gladly sit down with the hon. member after we are finished and we can do the math ourselves.

• (1235)

The Acting Speaker (Mr. McClelland): Before we resume debate, in the questions and comments period in the future we are going to try to give a few more people an opportunity to ask questions. By doing that if there is an indication, during the debate or during the initial presentation, of a great interest in speaking, if members would indicate to the Chair your interest in asking a question, the Chair will then have some idea how many people are interested in intervening. Or if hon. members stand initially we can figure out in our minds how much time should be reserved for each intervention and each response.

For instance, if five people stand, then there might be five one minute interventions and one minute responses. This would give all hon. members a better chance to speak on issues. This is something we are going to try to work out much as we have done in question period since the beginning of this Parliament to see if we can work this into debate as well. There is no intention to make this a hard and fast rule. We have to try to live with the feeling and the mood of the House at the time. Just so people know, it might make things more interesting in the House.

On a point of order, the hon. member for St. Albert.

Mr. John Williams: Mr. Speaker, I was listening to your announcement from the Chair because I am not aware that this has been agreed to by the parties. Of course, as you are aware, the Speaker is a servant of the House and not the master of the House.

I was interested in finding out how you are going to police this new policy that you seem to be introducing and springing on the members right here.

Supply

The Acting Speaker (Mr. McClelland): Certainly there would not be any intention to police. It is not a new policy. It is something that has worked very well in question period. It is deemed to have worked very well in question period and it has in the last session. We have tried it from time to time.

As I think I clearly said, it is purely at the pleasure of the House. It is not an intention of the Chair to impose anything. It is merely a suggestion that perhaps we could accommodate more members if we were to be more liberal or less liberal in our approach; more reform or perhaps more conservative and less liberal.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I want to say to my hon. friend from St. Albert that I think the Sergeant-at-Arms does carry a sword and I think that is the way we could probably keep some order in this place if we really had to.

It is a pleasure to rise and address this motion. I will read the motion again just for people who are watching this debate:

That this House condemns the government for imperilling the economic and social security of Canadians with their reckless commitment to dramatically increase spending, at a time when the average family's share of the federal debt is approaching \$80,000 and Canada has the highest personal income taxes in the G-7.

I think we are talking about an extraordinarily important issue here today. Unfortunately I do not have time to explore that issue as deeply as I would like, but I do want to focus on one aspect of that, what we in the Reform Party refer to as social benefits of tax relief. In order to do that I must talk a little about how government overspending has really come to hurt Canadians.

I want to talk first about the effect of overspending on social programs. Earlier the leader of the New Democratic Party spoke and I know the NDP is extraordinarily concerned about social programs. I can tell the leader of the NDP that the Reform Party is as well. We point out to our friends in the NDP and to the Liberals that since we have run up a debt of \$600 billion and now have interest payments in this country of around \$47 billion a year, we have had to find cuts elsewhere. The government in its wisdom cut social programs. Who does that hurt the most? It hurts low income Canadians. It hurts the most vulnerable.

• (1240)

I remember sitting on the finance committee and having Dr. Judith Kazimirski appear before the committee. Dr. Kazimirski was the head of the Canadian Medical Association. She spoke with a tremendous amount of passion about how long people with breast cancer or prostate cancer had to wait, on waiting lists, in this country because we cannot properly fund health care today. That is a disgrace. That is what has happened because we have interest payments of \$47 billion a year, because successive Liberal, Tory, Liberal, Tory governments kept spending more than they brought

in. The result was a debt of \$600 billion. It has been the most vulnerable people in society who have paid the biggest price for this. We see that in the erosion of our social programs, but it does not end there.

When we look at the taxation system in this country, we see another perfect example of how overspending and mounting debt have hurt the most vulnerable people in society. If we look at working class Canadians and middle class Canadians, they have paid a tremendous price for overspending. I point to the tax load people have to carry in this country. We have the highest personal income taxes in the G-7, 56% higher than the G-7 average, than all the other people we trade with, the U.K., the United States, Japan. That is staggering.

My friend from the Conservatives was talking a minute ago about people going to the United States. According to the government's industry department study, people in the United States are 25% wealthier than Canadians. Just a decade ago we had Canadians who were on par with the Americans in per capita income. We tied second and third in the world. Now we are twelfth. The economic powerhouse Iceland is ahead of us because the Liberal and Tory governments did not keep their eye on the ball. When the Liberals were reducing the deficit they did it on the backs of taxpayers, so their per capita income went down and down. That meant a tremendous strain on families.

Not surprisingly, in 1991 Decima poll came out and said that 74% of working Canadians said that if they had their druthers, if they could afford it, they would have one parent at home. But they cannot afford it. Since 1990 personal incomes, real disposal incomes, dropped by \$3,000 for the average family. That is unbelievable. Now Canadians are under tremendous strain because governments have overspent and the debt has mounted and mounted. Now we have interest payments of \$47 billion a year. That would be bad enough, but we have Liberals and now the Conservatives talking about spending even more money.

I guess a debt of \$600 billion is not enough. I guess taxes which are among the highest in the world are not enough for these people. Liberals want to spend 50% of the surpluses on new programs. Some people say the surpluses might hit \$30 billion. That is \$15 billion a year in new spending? We have a debt of \$600 billion which leaves us extraordinarily vulnerable to shocks from around the world. But these people are so reckless that they want to spend more.

The Conservatives say they will spend a third of the surplus, \$10 billion a year, in new spending advocated by a Conservative government. That is scary to me. This is the time to be prudent on the one hand and secure our present situation by starting to pay down debt. We heard that from Canadians when we went around the country this fall. They said pay down debt, it is our first

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priority, please pay it down, we have had enough of this profligacy of \$600 billion debts, we need to pay it down.

• (1245)

On the other hand and close behind Canadians were saying "Let us start to give people some hope for the future. Let us give them some tax relief. Let us leave them with more money in their pockets so they can drive their own futures, so they can live their lives".

We have all received letters from people who say "I have had it". I received a letter from a lady who lives in Quesnel, B.C. Her name is Margaret Snell. It is one of the most heart-wrenching letters I have ever read. Her son came to her and said "Mom, I cannot be in baseball, soccer or hockey this year because we cannot afford it, right?" She was ready to complain about the CPP increases. They simply do not have the money. For them it was not an option of taking it out of disposable income. Like many Canadians, they do not have any disposable income. It was either going to come out of the mortgage or out of the groceries.

My point is simply that Canadians cannot afford a government which continues to spend. We have to have debt reduction. We have to have tax relief.

My party has laid down some solutions. We have set some targets for reducing the debt. Right now the debt is \$600 billion. We would reduce it over 20 years to about \$343 billion. It would go from 70% of the economy down to about 20%. It would save \$20 billion a year in interest charges on the debt. That \$20 billion could be returned to social programs. It could be used for tax relief. It is an extraordinarily prudent measure. It is something which would secure the future of young people who are having to bear an inordinate burden because of the profligacy of previous governments.

The other half of that surplus would be devoted to tax relief. We list nine measures in our document. The one which comes to mind right away is that which concerns the 3% and 5% Tory surtaxes. The Conservatives introduced them specifically as a measure to reduce the deficit. The deficit is now gone. The Liberals have a moral obligation to get rid of the 3% and 5% surtaxes. They were implemented specifically to pay down the deficit. It is gone. Let us remove those surtaxes and help all Canadians.

My friends across the way talk so often about the need to be more compassionate. I agree with that. Let us be more compassionate. If we implemented the tax relief measures which the Reform Party is talking about, we would lift 1.3 million low income Canadians off the tax rolls. The single mother who makes \$15,000 and pays \$1,300 in income tax today would pay nothing. The

family of four making \$32,000 which is paying \$3,000 in income taxes would pay nothing. It is time to help Canadians.

We have laid down the challenge to my friends across the way. This is an hour of decision for them. There is a budget coming up. It will be the first balanced budget in 27 years. It is time for them to set a new course for the country. We do not want to see them go back into that spending mode which got us into this problem in the first place. Canadians do not want it. They have made that extraordinarily clear.

I lay down the challenge to my friends. Please consider seriously what we are suggesting to you today. If you do, I can guarantee that you will have the support of not only the Reform Party but of Canadians from coast to coast.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I will try to be as brief as possible because I know there are other individuals who would like to pose questions.

I want to reiterate that when the fiscal dividend emerges Canadians want action on three fronts. That is essentially what we heard from Canadians. They want action on debt reduction, action on investment in a stronger economy and a stronger society, and they want some tax relief.

• (1250)

Let me focus on the tax relief. When we look at securing the dividend submission by the Reform Party, it proposes a wide mix of tax measures that when mature will cost around \$30 billion and foregone revenues will in fact increase by \$4 billion each and every year. It actually underestimates the total cost of its package by \$10 billion.

As a responsible government we do not have the luxury to be irresponsible much like the Reform Party. We have to ask ourselves a very basic question: Where is the \$30 billion-plus coming from for tax cuts? The Reform Party does not fully answer this question in its prebudget document. Is it going to come from a reduction in health and education spending, in a reduction in benefits for families, or should we just walk away from the success that we have had and increase the deficit? Should we not go for a balanced budget?

We cannot afford as a responsible government to deal with issues much like the Reform Party because it has not done its numbers. I will give the Reform Party a calculator with batteries.

Mr. Monte Solberg: Mr. Speaker, I would simply point out to my friend that not only are these things costed out and not only do we use the government's numbers, but he is in fact completely wrong when he says that the tax relief for Canadians coming from the Reform Party would be \$30 billion. It would be \$20 billion. I

note that my friend finds that quite shocking. It would work out to over \$2,000 for the average family of four by the year 2000.

I just want to emphasize for my friend that Canadians are not going to be fooled this time. They have made it extraordinarily clear that they do not want to radically increase spending. I think this is where the Liberals have gone off track. They made a commitment and now they cannot back out.

However, we know that Canadians from coast to coast, by a majority of about 90%, say they want an emphasis on paying down the debt and reducing taxes, not on increasing spending on fuzzy-headed programs that have no end that Canadians can somehow divine.

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, when I spoke on the unemployment rate in Newfoundland and Labrador, Reform immediately told me that the smallest violin plays for Atlantic Canada. In other words Atlantic Canada should be cut loose financially from the rest of Canada.

My home province of Newfoundland staggers under an unemployment rate of more than twice the national average. Our net out migration rate is about 9,000 people in Newfoundland and Labrador and we have a population of approximately half a million. Whole communities along the coast of Newfoundland have been decimated with nobody left in some of these communities but pensioners and families on social assistance. There are areas where I would support an increase in spending.

The have not provinces are in the position of where every dollar that is raised in resource revenues is clawed back practically dollar for dollar from our equalization payments. Therefore, I could support a renegotiation of the equalization entitlements for the have not provinces.

I would point out to the Reform Party that in balancing the national budget Canada eliminated about 15% of its federal public service. In Newfoundland before that process is finished we will have eliminated roughly about 30%. I agree that we should have balance in spending but—

The Acting Speaker (Mr. McClelland): My apologies. The hon. member for Medicine Hat has about 50 seconds to respond.

Mr. Monte Solberg: First, Mr. Speaker, it is sad that the Liberals and Tories allowed the fisheries to be destroyed in Newfoundland; we probably would not have the problem we have today but that is a fact. I would simply point out that the Reform Party would put \$1.4 billion back into Atlantic Canada through tax relief, something which would stimulate those economies far more than some government initiative that inevitably ends up being some kind of a patronage program that rewards Conservatives and Liberals.

Supply

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, today is an opposition day which is when an opposition party can put forward an issue for debate and consideration of the House for the day. Today the Reform Party has put forward this motion for consideration and debate by the legislators in this Chamber:

That this House condemns the government for imperilling the economic and social security of Canadians with their reckless commitment to dramatically increase spending, at a time when the average family's share of the federal debt is approaching \$80,000 and Canada has the highest personal income taxes in the G-7.

• (1255)

What I would like to particularly focus on in the few minutes I have to speak is how government spending increases are imperiling Canadian social security.

Security is one of the most important parts of human existence. We want to be secure. We need to know that when we are young we will be cared for, when we need to be educated and trained that there will be opportunities for us to gain the skills that we need in order to build a good life for ourselves with good jobs and good incomes.

We need to know that when we become ill we will have the health care measures that will preserve our lives, our well-being and our health. We need to know that when we become old we will be able to retire on secure, comfortable incomes.

Those measures and those aspects of our lives as Canadians are extremely important. If the case is that what the government is moving toward and what this Liberal government intends to do is going to further imperil the already shaky security or lack of security in many of these areas, then we in this House need to be very concerned about that. We need to do our job to urge and to push the government in a direction that will alleviate this danger to our personal security.

We have brought forward and our speakers have brought forward even today evidence after evidence that Canadians are moving toward a lower standard of living. And this plan by the Liberal government to continue the mother government's federal spending programs, many of which intrude on the jurisdiction of the provinces, will continue to lead to a lower standard of living and in some cases more so in some regions of the country, as one of the questioners pointed out a few minutes ago.

In some income groups the standard of living is so low that there is essentially not enough left for necessities. The government in noticing this says "We are going to do something about poverty among children and poverty in some rural and remote communities". What it could have done was to not enact the policies which led to this tragic set of circumstances to begin with.

Supply

I would like to refer briefly to two studies, one which was just released by Industry Canada and one by the Ottawa based Centre for the Study of Living Standards.

There are some interesting highlights in the just released Industry Canada report. I wish I had time to refer to it in detail but I do not. I will specifically point to the areas that talk about the resources and the standard of living Canadians have and how they are being impacted upon.

The study specifically compared the Canadian standard of living, the kind of standard of living that Canadians have as compared to their neighbours in the United States. We have to remember that Canada does 80% of its trading in economic activity with the Americans. It is a very appropriate and very needful comparison that has been done by Industry Canada.

These are only a couple of things from this study. People who are listening to this debate may want to refer to it in more detail.

First of all and most tellingly, the employment rate in the United States, the participation rate in the labour market is much higher than in Canada.

There are people who are looking for work and there are people who have simply given up looking for work and are doing other things. For example they are working abroad, going back to school or simply just are not working at all and are relying on other family members for support.

• (1300)

The participation rate in Canada's labour force is far lower than the U.S. rate. The unemployment rate is much higher in Canada for those who want to work and are ready, willing and able to work. According to Industry Canada, if Canada had the same employment rate as the United States there would be one million more people working, which would put to work two-thirds of those who are currently unemployed.

My colleague from Medicine Hat was asked a question concerning regional disparities by a member of the Conservative Party. He mentioned the terrible problem of regional disparity. In the United States problems arising from regional disparity occur at about half the rate of those found in Canada.

The bankruptcy rate in the U.S. has fallen by 30% since 1995, while in Canada it has increased by 80% to record setting levels, which affects small and medium size businesses. Canadian businesses are unable to even make a go of it, never mind earn the decent return business people need to feed their families and provide for the necessities of life.

Real personal income per capita is 24% higher in the United States. Families earn nearly 25% more in that country just a few miles south of us than our families do. The household debt is a lot

higher in Canada. The savings rate has fallen as Canadians have been forced to collapse their RRSPs and personal savings to cope with the increasingly harsh economic climate in our country.

It has been rightly mentioned that Canadian expenditures on research and development are half of U.S. expenditures. Our most highly skilled professionals including engineers, architects, surveyors, mathematicians, computer scientists and natural scientists earn far lower salaries than their U.S. counterparts and their tax burden is much higher. It is no wonder we are having a massive brain drain to the south because of these circumstances.

On average Canadian wage earners pay approximately 33% more in income tax than their U.S. counterparts. They also have our favourite tax, the GST that the Tories brought in and the Liberals failed to get rid of as they said they would. U.S. taxpayers can deduct mortgage interest payments and student loan payments from their taxable income. This all means that Canadians have far fewer resources left in their hands to care for their personal needs, for their children's needs and for their families' needs.

Even more telling is a study conducted by Ottawa based Centre for the Study of Living Standards. It compared the wealth created per person in Canada with the same figure for the other member countries of the OECD. Thirteen leading industrialized countries were compared. The results were absolutely shocking.

We created per person an amount of wealth that put us dead last among all industrialized countries. Every other country in the industrialized world increased their wealth, but Canada actually lost ground up to 1996. We scored a decrease of 0.4% per person. Norway increased its per capita wealth by over 22%. All other countries experienced an increase except for Canada.

This means that Canadians do not have enough resources left in their hands to meet their needs and the needs of their families. Yet government takes more and more to fund the spending programs that have proven so ineffective when it comes to security and a good standard of living.

I urge the government, as we set out in our motion, to reverse this commitment to reckless spending and instead to pay down the mortgage on our future. Let us keep more of our own money to give us real social security.

• (1305)

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, it is truly amazing to hear all the comments cited by my hon. colleague from Calgary—Nose Hill. I would swear that some of them were probably taken from magazines like the *New Republic* or perhaps the Fraser Institute or other think tanks whose primary responsibility is to put most ordinary Canadians into the financial dunk tank.

It is very clear to me that all the things cited by the hon. member do not square with the reality that Canada currently enjoys the highest standard of living rated by the United Nations. That is an inescapable fact. No matter what the hon. member wants to posit or what wonderful little fantasies he wants to put forward, the reality is that we are doing pretty well.

The motion today is about the fruits, efforts and undertaking by the government and the Canadian people to reduce the deficit. This debate would not take place if we had not reached the point where we could begin to discuss one day the opportunity of dealing with the fiscal dividend. Clearly hon. colleagues in the Reform Party who have provided the motion today ignored the fact that what we are proposing as government was vindicated and authorized by the Canadian people.

If the Reform Party has a problem with democracy it ought to say so here and now. Given that what we are proposing squares firmly with the election platform we have put forward, what problem do Reformers have with that? If they have a problem with that, perhaps they ought to redefine their definition of democracy.

Mrs. Diane Ablonczy: Mr. Speaker, Canadians only wish that the performance of the Liberals squared with their election platform. We all know about the scrap the GST promise. Where are we today?

There are so many inaccuracies in the comments of the member opposite that I can hardly even address them all. However he said something that was true. The facts I cited were amazing and should be paid attention to on the other side. They were taken from the government's own industry department study, from a think tank in Ottawa that is well respected. These are not made up figures. These are the government's own figures and we need to start paying attention to them.

It is not true that Canada has the highest standard of living in the world. Other countries are ahead of us, in particular the United States, as the Industry Canada study indicated.

Clearly the member was not listening to what I said. Once again he is living in some kind of fool's paradise that we do not have to do anything; don't worry, be happy.

This is not a fiscal dividend that is being spent. This is our money. This is Canadians' money. It is not money for the Liberal government to play Santa Claus with. It is time the Liberals understood that.

When the member talks about democracy he might want to look at a Roper Canada poll taken in December which showed that 39% of Canadians want a cut in taxes above everything else. Some 37% want to pay down the national debt. Guess how many want an increase in social spending. Only 19%.

Supply

If the hon. member wants to follow democracy, to listen to Canadians and to do what Canadians want with their money, he might pay attention to what they are really saying.

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, let me pursue for a moment the issue of reduced spending. We all support debt reduction as long as there is a balance in the sharing of responsibility with the rest of Canada.

As I said a few moments ago, we badly need a better recognition of the disparity that exists between Atlantic Canadians and the rest of Canada. I feel strongly that have not provinces need a better deal on equalization. I can support as can a lot of Atlantic Canadians an increase in spending as long as it is directed to the right areas. One area would be a better deal on the equalization formula.

I wish I had more time to pursue the issue. What is the member's position on correcting that disparity by renegotiating the equalization formula for have not provinces?

• (1310)

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, as the member may know, I was Atlantic affairs critic for our caucus in the last parliament and spent many days and hours in Atlantic Canada.

I share his tremendous concern about the terrible conditions of many Atlantic Canadians, particularly in the more remote areas and communities due to mismanagement of the fishery, misuse of development moneys, patronage and all the things that have caused a lot more harm than good to a beautiful and vibrant area of the country.

We have proposed that equalization payments should be re-examined. Middle income provinces are getting a share of equalization payments that would be more appropriately directed to the very poorest provinces, which would mostly be the Atlantic provinces.

I look forward to working with the member to support a program that would direct more equalization resources to meet the need for better delivery of social services and social security in the Atlantic provinces.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, today's motion accuses our government of imperilling the economic and social security of Canadians. The only thing truly at peril is the credibility of the official opposition.

All members of the government share the view of most Canadians that our national tax burden is too high. That is why we have committed clearly and concretely to take significant steps to reduce the broad tax burden shouldered by Canadians as we move from a deficit to a fiscal dividend.

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The finance minister also made clear that a balanced budget was not the end of a fiscal turnaround. We must move on to bring down our hobbling public debt as well. These facts, high debt, too heavy taxes, are not signs of a national failure or futile policy. They are the carryover of the economic malaise we inherited five years ago.

It was a wasting sickness in which 25 years of deficit spending played a tragic part. It is a disease that still leaves symptoms when the patient is well into recovery. That recovery is a fact that disturbs and dismays members of the official opposition. Since they can no longer deny the success of our approach to deficit reduction, they must find a new threat to browbeat and bully Canadians. That is the threat of reckless spending.

Let us look at how reckless we have been since coming to office and the direction we have set for the future. Let me emphasize that this is a direction which was endorsed by Canadian voters in the last election.

Last October the finance minister presented the government's fall economic and fiscal update. It demonstrated convincingly that our government's plan to restore Canada's fiscal and economic health was working. We started with an absolute and unequivocal pledge to eliminate the deficit. We did this because we understood that the price a nation pays for years of excessive deficit spending is clear, concrete and corrosive.

Most of all deficit financing means higher taxes. Last year the federal government had to pay over \$45 billion in debt charges. That is equal to about 32 cents of every dollar of tax revenue Canadians pay to Ottawa. Looked at another way, that \$45 billion is equivalent to 70% of federal income taxes that Canadians pay. It is more than EI premiums and GST combined.

That is why when we first came to office we set about putting our fiscal house in order, something the opposition party clearly did not understand then and does not understand today. We knew it was the essential foundation for lower interest rates and higher economic growth which means jobs. I am sure the NDP will appreciate this point. That is what Canadians want. We knew that without a fiscal turnaround we would never be in a position to pursue broader tax reductions.

As most Canadians know, our deficit control plan centred on cutting government spending has met its targets and in fact exceeded them.

• (1315)

Our deficit progress has delivered real and rewarding results for Canada. We have transformed the vicious circle of higher deficits, higher interest rates and slow economic growth into a virtuous circle where lower deficits have helped produce lower interest rates, leading to higher economic growth and lower unemployment, ultimately leading to even lower deficits.

Even today as we have been buffeted by the impact of the Asian currency crisis, Canadian rates are still below U.S. rates, both for 30 day bills and long term bonds.

Our fiscal turnaround is not a transitory phenomenon. We have confirmed that the federal deficit will be eliminated no later than this coming fiscal year and it will be the first time that the federal government books have been balanced since 1970. This means that we are now looking to the day when Canadians will see a fiscal dividend. To sustain our economic progress, we will make sure that our commitment to fiscal prudence does not change. As the prime minister said, we will never again allow the financial health of our country to get out of control.

What about that fiscal dividend once the federal books are balanced? In fact, what about the Reform motion today that warns of that reckless spending by this government? Again, listen to the real facts.

Our government has committed to a 50:50 allocation of the dividend among, one, expenditures to address economic and social needs and two, tax cuts and debt reduction on the other. Let me touch on some of the issues and concerns that we feel must in fact define this dividend debate.

On the tax issue, our government is absolutely committed to bringing down the tax burden of Canadians. Because the dividend can start off small, it leaves little room to implement a substantial across the board reduction right away. We feel that the most responsible course will be to continue to provide targeted tax relief where it does the most good, as we have done in our recent federal budgets.

Our priority here will be to provide tax relief to low and middle income people and families first. When we can afford it, we will and we must go further and reduce the broader tax burden.

Then there is the challenge of investing in Canada's future. We believe the responsibility of the government today goes beyond debt and tax reduction only. To rule out the need to invest strategically in areas such as health care, education and public pensions is not just bad social policy, it is bad economics. Such programs provide Canadians with the security to participate in our fast changing economy with confidence.

The real question is to find the right balance, a balance that ensures that the quantity of growth we all seek contributes to the quality of life Canadians deserve. For example, growth may be central to a strong economy, but in today's world of accelerating technological change, knowledge and skills are central to growth. They are central to a society that is more fair, where people have the skills that mean good jobs and good incomes.

That is why the federal government has taken measures to make registered education savings plans more attractive and flexible, measures that we just this week debated at second reading of Bill C-28. Just this week we debated and voted on this bill. Of course

the members of the official opposition rejected that measure and voted against it.

That is also why the prime minister has announced that we will create a Canada millennium scholarship fund, to reward academic excellence and assist thousands and thousands of low and moderate income Canadians.

I guess this is that reckless spending that the Reform Party says puts Canada at peril. I am convinced that the vast majority of Canadians certainly see it differently. They see it as a wise use of part of the coming dividend.

• (1320)

It is also not good enough to have the right skills if our country does not also offer the opportunities to develop and apply those skills in the laboratory and the workplace.

Again, that is why the government, to help strengthen this synergy, called for and created the Canada Foundation for Innovation. It provides \$800 million to help maintain or enhance facilities at our hospitals and universities, facilities to deliver world class research and keep top flight researchers here at home.

I will not put words into the mouths of members opposite, but perhaps this is another example of the reckless spending the opposition wants to attack. However, I do not think I have heard them say openly that this is a measure which should be killed. I will not say they have said that, but I will say that most Canadians see it as a rewarding investment, not a reckless one.

If we are to equip Canadians for success in a new millennium we must first focus on early childhood where the capacity to learn is developed. That is why we are building a new partnership with the provinces on behalf of children and providing \$850 million in additional resources under the child tax benefit.

Our goal is clear and concrete, to begin to put an end to the welfare trap where low income parents who return to the workforce see their children's economic conditions actually worsen because they lose services provided under social assistance. Going to work should make people's lives better, not worse. We are addressing that.

Is this, once again, the reckless spending which Reform feels will imperil Canada's economy and society? I do not think so.

There is another measure which was included in the debate on Bill C-28, which is the action of the government to enrich the Canada health and social transfer which goes to the provinces to support health care, post-secondary education and social assistance and services. Because of our faster than expected fiscal progress we are in a position to guarantee that the CHST transfers to the provincial governments will be \$12.5 billion for each of the next five years. That is \$1.5 billion more over the previous floor and it

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represents overall \$7 billion to the provinces. It is an increase which does not threaten our balanced budget.

Perhaps opposition members will think that is reckless, but millions of Canadians would surely disagree. They want a strong health care system. They value support for education. They believe our country should help the disadvantaged. They know these are valid and vital uses of federal resources, especially when they do not jeopardize our progress to a balanced budget.

I suggested at the start that the only thing in peril, going by today's motion, is the Reform's credibility. I think I have made my point.

I would like to pay specific attention to the prebudget document which the official opposition has put forward.

The Reform Party talks about balancing the budget and applying unused contingency reserves to debt over the next three years. I want to thank the Reform Party. I am very pleased that the Reform Party now endorses the government's budgetary policy.

In October the government committed to balancing the budget no later than 1998-99. The government also made the commitment that if the contingency reserve was not needed it would be applied to the debt. That was in October. Some members opposite were there, some were not. I only hope that those who were there would have communicated that to the rest of their caucus.

They talk about freezing program spending through to 2001. Reform suggests freezing total program spending but allowing the natural increase in the major statutory programs to take place.

• (1325)

Essentially what they are advocating is a cut of \$3 billion or 6% of the non-transfer portion of spending over the next three years. Where does it come from?

A number of one-time savings are offered up as advocated by the auditor general but where it will find \$3 billion of ongoing savings is yet to be identified. That is what the platform says.

Members keep changing their minds on this. They are all over the map. In the 1997 election they talked about calling for large cuts to EI and equalization. Now they think spending on these programs should be allowed to increase. They have no credibility on the issue of expenditure reduction.

We can go on and on but the one area I need to spend some time on because it is a major plank in the platform that this official opposition has is the wide mix of tax measures.

I would call on this party to go back, redo its analysis, redo the costing of this measure because when the analysis is complete, when the tax measures that are put forward by this party are looked at, when they are mature they would cost around \$30 billion in

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foregone federal revenues and would grow by \$4 billion each and every year.

They underestimate the total cost of their package by over \$10 billion. As a responsible government, we do not have the luxury of basing our policies on sloppy and incomplete analysis.

We have to get our numbers right and we must look at the consequences of any measures that we undertake, obviously not a criteria of that party. In that regard I think we would have to ask ourselves one very basic question with respect to the Reform Party package. Where is the \$30 billion plus for tax cuts to come from?

Reformers have not answered that in their platform. They have not answered that in their prebudget document. I suppose we will have to guess what they might propose to do to make up the foregone revenue, perhaps reduce transfers for health and education, reduce benefits for families with children or the elderly or perhaps the suggestion that we walk away from all the sacrifice and hard work of Canadians.

Canadians have partnered and ensured that we were able to balance this budget. Should we just add it to the deficit and the debt? I am not sure at all.

I think when we look at the spending plan that this government has proposed and how it is balanced with the real commitment to action on taxes and debt reduction, the reckless risk taking and a government out of control is not seen.

What is seen instead is a realistic strategy that invests in Canada's renewal, a strategy developed in consultation with Canadians by a government committed to helping them regain control of their lives and their children's future.

The reason this motion deserves to be dismissed is so that we can get on with the job of building that future in a way that is responsible and responsive to Canadians.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, I listen to this nonsense. I listened to it for years before I was elected. I used to watch this kind of nonsense from both sides of the House.

My wife and I have raised four children and they are now young adults. We have twin sons. When our two boys were in grade 10, they got part time jobs making a minimum salary. When they came home with their paycheques they were aghast at the difference between their gross pay and what they were going to be able to cash that cheque for because of people like this taking and gouging young Canadians like our children and millions like them.

They are being gouged with high payroll taxes and now we are hearing this kind of verbiage that drips with the attributes of hypocrisy.

• (1330)

That is what we are hearing. They are saying that they are responsible, that they have got to give control back to Canadians. Who took the control from them in the first place? Who increased the taxes year after year after year?

I was born, my mother tells me, in that old log house that I remember with a sod roof. We eventually moved out of that house. We were not unlike many of our neighbours. We moved out of that home to a better home, but we could never have done it if 50 cents of every dollar we had earned had been taken away by taxes.

We built this country on low taxes. What is destroying this country is high taxation. When there are millions of families like Kim Hicks' who are struggling to make ends meet on \$30,000 a year and the government is taking anywhere from \$2,500 to \$3,000 away in taxes, that is criminal. That is what is wrong with this country. That is what is wrong with this government. A single mom with one child makes \$15,000 and has to pay \$1,300 in taxes. What does the member have to say to those people? Certainly the nonsense he has given us today and placed upon the record is no comfort to them.

When we look at the mess we are in, we look at the pilot of the *Titanic*. Who piloted the *Titanic* into the iceberg? Someone who was absolutely asleep at the wheel. That is what we have seen for the last 25 years. The pilots, whether they were Liberal pilots or Tory pilots, for the last 25 years have steered us asleep straight toward an iceberg and that iceberg is now \$600 billion in size.

Forty-seven billion dollars of the taxpayers' money has to be used not on social spending, not on health care, not on education, not on seniors, not on those people who need it. No. It has to be used on the iceberg that the *Titanic* is headed toward.

That member stands and ridicules, mocks and scorns every attempt that the opposition members bring forward to return control back to the people. What does he do? He pretends by saying "We have screwed up this country but we are the only ones that can solve the problem. We are the ones that brought us into debt but we are the only ones who can get us out of it".

Everyone understands the principles of economics. At the end of every month millions and millions of families have to sit down and pay their bills. They know that you cannot continue to go on and on if you are spending more than what you are bringing in.

For 25 years and beyond, that is what the Liberal and Tory governments have done to the people of this country, to my children and millions of other children. They intend to do it to our grandchildren as well, particularly with the 73% increase in the Canada pension contributions our children and grandchildren are going to have to pay.

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The member should hang his head in shame and say “Yes, we made a mistake. Let us correct it. Let us work together to do something for our children and our grandchildren” and for the Kim Hicks of this country.

I do not know if the member has anything to respond that is worthwhile to these facts but I certainly give him the opportunity.

Mr. Tony Valeri: Mr. Speaker, I truly welcome the opportunity to respond. I appreciate the member’s passion for this particular topic, although I would question some of the facts.

I want to reiterate once again that when we talk about taxes, this government has not once increased personal income taxes since coming into office in 1993.

I would ask the member to perhaps listen to the answer since he had the opportunity to take the floor a little earlier.

I would encourage the member to join us as we move to the next millennium and to stop talking about the 50 years that have gone by. It is only because of the support of Canadians for the actions of this government that we are talking about a fiscal dividend today.

This government is not taking the credit. It is Canadians who should take the credit.

• (1335)

Do not come to this House and continue with this verbiage about how I am standing up and belittling the member. Let us get it clear. Canadians ensured that this government was able to complete a program that was laid out beginning in 1993 continuing through to 1997.

When the member talks about spending, there is spending in this government in this country today that is the lowest in 50 years. It is not this particular government that is overspending.

When we talk about what is so crucially important to sustain this country, it is that we must not and will never overspend or spend more than what we take in. It is quite clear and it has been said over and over again. I only wish that for once a member from the opposition would get up and recognize that fact. They should check *Hansard* because over and over again it is there, but they agree to ignore it.

Let me move to some of the other members of that caucus. The member for Selkirk—Interlake said that any shortfalls Manitoba suffered from equalization cuts could be made up by provincial tax hikes or spending cuts. Is that coming from that opposition party? Is that coming from that opposition party that just had a member stand up and say “Give back to Canadians no tax increases”. A member of his own party says “Do not worry about cutting, they will jack it up at the other level”. That is something we will not do. That is not the role of this government.

They talk about cutting spending. I will use another example of a member of that particular party and perhaps some will recognize the quote, “I support the idea of regional economic development. As a former mayor of Dauphin I know the importance of it. We need the money to leverage other money”. That was the member for Dauphin—Swan River.

An hon. member: But you do not go into debt to do those things.

Mr. Tony Valeri: And you are exactly right. Every measure that this government has taken and every measure this government is considering does not in any way jeopardize the balanced budget we are going to achieve. It does not increase the debt that we have in this country. I only wish the hon. member would go back and check *Hansard* because over and over again those arguments have been answered.

Any new initiative that this government will undertake will not increase our deficit or increase our debt. Not one. This government will take the balanced approach. It will reduce the debt in real terms and on a ratio basis. It will invest strategically in priorities of Canadians and it will reduce taxes for Canadians. That is what this government will do.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I will be splitting my time with the member for Lethbridge. I believe that all members of the official opposition will be splitting the time from here on in.

When I heard the opening remarks of the parliamentary secretary I thought for an instant that perhaps the Liberal majority was going to be in jeopardy. The way he was speaking I thought he was going to come over and join us. Then I thought he would not do that but that the light was finally going on in the Liberal government’s mind.

The member was talking about such things as “lower interest means more growth” a quote by the Parliamentary Secretary to the Minister of Finance. Finally we have an admission by this government after 25 years, that it finally has realized that debt does not buy your way to happiness and it does not buy your way to riches. Finally and hopefully and completely forever we will not see higher interest. That by his definition will mean more growth. It also means more jobs for Canadians, more jobs for our kids, more future for our young people as they try to find a job after finishing university under a mountain of debt because of the high cost of education, courtesy of this government.

He also said “Lower deficits mean lower taxes”. After 27 years of the Liberals and the Tories managing this country, they have finally come to the realization that a lower deficit means lower taxes, and they have saddled us with \$600 billion in debt, \$45 billion a year in interest.

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• (1340)

They are finally saying "If we could only get rid of that deficit", and it was their creation. They are finally saying that we can lower taxes. The Reform Party has been saying let us lower taxes, let us create growth, let us create jobs. Obviously the message is finally getting through and I am glad to see it.

The member also went on to say that less taxes create more jobs, which I just covered. He said that high deficits mean lower growth and we are now looking at the first surplus since 1970. What an admission by a government that would allow us to go 27 or 28 years without a single surplus. Every year the debt has been going up and up and up, taxes have been going up and up and up, the interest cost has been going up and up and up. After all that head in the sand style of government the Liberals finally come around and say that the Reform Party has it right and they are endorsing our principles and policies.

The parliamentary secretary said that they will never spend more than they take in. How Canadians wish they had listened to their own advice years ago, many years ago. We would have no debt. We would have \$45 billion, \$1,500 for every man, woman and child. That money would be in the pockets of Canadians for them to spend every year. Six thousand dollars per family would be in the people's pockets every year. They would be able to buy goods, increase their standard of living and provide better education for their children.

But no, this government because of its folly and insanity, which it now realizes to be folly and insanity, is now saying that it would have been better if it had left the money with Canadians. Think of the prosperity we would have. Think about how much higher the economic growth would have been. We would be one of the most prosperous nations on earth. Our dollar would be on par and our interest rates would be the same as those of Japan. It would be heaven on earth. It would be Shangri-La right here had it not been for this Liberal government.

We can talk in generalities but we have to translate these policies and ideas into workable things that will ensure that government is more efficient. Government should deliver what it says it will with the same degree of productivity and efficiency we expect from the private sector.

As the chairman of the public accounts committee, I am quite often appalled at the way this government allows its senior bureaucrats to mismanage their departments at great cost to the Canadian taxpayer. I have some examples from the auditor general's report, chapter 13 concerning Health Canada.

Page 13-31, paragraph 13.145 states that a limited review of ambulance costs identified cases of potential abuse that had gone undetected. In one such case a client had taken 150 ambulance trips

costing over \$21,000 during a five month period. It goes on to say that no one had questioned the trips until they were identified by an internal review. Someone was using an ambulance as a taxi, we were paying for it, and nobody in the department was asking what was going on. What is going on here?

Exhibit 13.16 on page 13-29 refers to provision of dental services. One dental provider billed \$25,000 for 58 root canal therapies, about 12 times more than the average practitioner performed in the province. Another provider charged \$40,000 for 92 crowns, which is six times more than the provincial norm. A dentist claimed \$27,000 for 356 coloured surface restoration procedures, about 40 times the average for such a procedure performed by dentists in the province. And Canadians paid.

Canadians pay these kinds of bills each and every day because the departments, the ministers and the senior management do not know how to manage Canadian taxpayers' money. They just pay the bills as they come in because they are quite comfortable with their jobs, their security and their salaries, and yet the Canadian taxpayer has to squeeze out more and more money each and every year to pay for this serious mismanagement and waste of money.

• (1345)

That is the type of thing that goes on each and every day. That is the type of stuff the public accounts committee is trying to stop. That is why we are looking for some serious changes to be made by the Liberal government. As it saves it will look after Canadian taxpayers money. As the chairman of the public accounts committee I will put the Liberals on notice that we will be holding them accountable for the way they spend the money.

We have to compliment the auditor general for bringing these types of issues to our attention. Unfortunately every time the public accounts committee meets it deals with issues of this magnitude and waste of these huge proportions. It goes on and on. It never seems to stop.

We are \$600 billion in debt. We have heard people talk about all kinds of scenarios. They talk about what would happen if our economic growth were to slow or stop. It reminds me of the days of the depression. In 1929 the country was going into a deeper and deeper recession. People were losing their jobs. There was 25% unemployment.

An hon. member: It was a Tory prime minister, wasn't it?

Mr. John Williams: It was a Tory prime minister. It was Mr. Borden. He said "We are not going to borrow any money because we want to make sure our credit rating is strong. It does not matter that people are unemployed and starving in the streets". He wanted to protect the credit rating. He refused to borrow money. If we ever get into that situation again we will not be able to borrow money because our credit rating is so weak. Therefore, while history may not repeat itself, it is bound to rhyme, as someone once said.

Canadians will be left high and dry with the Asian flu, if it ever reaches North America. Because of the \$600 billion debt, because of our vulnerability, because of mismanagement by this government and the previous Tory government we stand to suffer.

I hope that does not happen. I hope this government sees the light of day. We need to have serious, proper management of the affairs of the nation. We must ensure that the government does not fritter money away with its 50:50 split on surpluses, giving some to reduce the debt and spending the rest on goodies. That cannot happen. Let us see some real responsibility for once.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have been sitting here since 10 o'clock this morning listening to the debate and there is an issue which has come forward which should be of serious concern to the House. It has to do with the integrity of information which has been put on the floor from time to time, particularly as it relates to tax matters.

The Leader of the Opposition, yesterday in question period and again today in his opening speech, used the statement that Canada's highest tax rate kicks in at approximately \$60,000, whereas in the U.S. it kicks in at \$270,000, making the point that somehow we should have parity. In fact what it means is it would provide tax breaks to 10% of the highest income earners in Canada, although his description was that it would help low and medium income Canadians. It is not correct.

The hon. member for Calgary—Nose Hill tabled in the House her views. She said the effect of the tax burden in Canada was 33% more than it is in the United States and that Americans can deduct the interest they pay on their mortgages. She did not mention that they also have to pay capital gains tax on principal residences, which we do not. She also did not mention that they do not have free health care, that they have to pay for it. She also did not mention that the same analysis went before the finance committee which noted that there is parity and equity between the effective Canada and U.S. rates. The information provided to this House was incorrect.

Finally, the hon. member for Crowfoot gave the example that a single mother making \$15,000 a year would have to pay \$1,300 in taxes.

• (1350)

That is not correct. A single mother getting the non-refundable tax credit of \$6,456 also gets to claim the child as an equivalent to spouse exemption which means that the first \$13,000 is in fact sheltered from tax. That leaves \$2,000 on which only \$500 of tax is paid. When we add on to that the fact that she is eligible for the child tax benefit of \$1,800 and the GST credit of another \$400, not only does she not pay \$1,300, she gets back \$1,300 on the \$15,000.

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Mr. John Williams: Mr. Speaker, I think the member just pointed out the classic difference. The Leader of the Opposition pointed out that this government is taxing billions of dollars out of the pockets of people who are defined as poor and below the poverty line. We just heard the example of how the government takes millions of dollars away and turns around and gives it back to them, saying it is doing a great job. That cannot be.

We could improve the efficiency of the government by not collecting the taxes from these people. Why would we collect taxes from the poor and the people who are below the poverty line just so we can channel it through the government and give it back to them in the form of a cheque? This is absolutely ludicrous.

Surely the member would agree that to leave the taxes in their own pockets and not take it away is a far greater incentive than to come out with a myriad of programs with all the rules and regulations that force people into complexities of following government rules and perhaps having to give up a job in order to qualify for a benefit.

Why does the government not leave the money with the people? Why does it not let them prosper and stand on their own two feet and get on with being a real Canadian with a real job? That is what it is all about. It is not government.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I would like to get into this battle of the accountants that is happening here and remind the hon. member for Mississauga South that as an accountant he is wont not to see the forest for the tree. He knows very well all the detailed features of the comparative tax codes of Canada and the United States.

However, the bottom line, the forest, the big picture is that the U.S. tax foundation calculates that the total family tax index in the United States is no more than 34% of total family income, while the Canadian family tax index, calculated by the Fraser Institute, an organization which the hon. Minister of Finance has recognized as a great economic authority while speaking at its conferences, was 47%. This 34% versus 47% is the big picture.

Mr. John Williams: Let me enlighten you, Mr. Speaker. I am splitting my time with the member for Lethbridge. He is following right after me. I think the previous speaker, the member from Calgary, has pointed out quite clearly that there is a massive difference between us and the United States. There is also a massive difference between our unemployment rate and its unemployment rate and our economic growth and its economic growth. There is no question that lower taxes create jobs.

The Speaker: I am going to recognize the hon. member for Lethbridge, of course, but I would tell him that it would be my intention to intervene when he would be in about the middle of his speech. Therefore, I wonder if he would prefer to wait until after

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question period and then he can get a straight run at it. What would you like to do, sir?

Mr. Rick Casson: I would like to start now, Mr. Speaker.

The Speaker: I will give you about three and a half minutes and then you will finish after.

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, I will try to talk fast. It is atrocious to think about the last 30 years of foolish spending sprees by the Liberals and Tories, 30 years of the financial burden of Canadian taxpayers being made heavier.

Perhaps the problems lie with the lack of accountability. When Canadians elect a government they vote under the assumption that government will act in their best interest.

• (1355)

Unfortunately, where our pocket books have been concerned, this has not been the case. Foolish spending has left us buried in debt. Today's opposition motion condemns this and any government that imperils our economic and social security.

Think of this motion as an insurance policy against reckless endangerment of our hard earned tax dollars. Amidst all this government hoopla is the attempt to boast of eliminating a deficit it created, Canadians deserve the assurance that governments be held accountable for such absurd spending practices.

If the CEO of a major corporation does not act in the best interests of a company and its shareholders, the board of directors will turf that CEO as a sign of non-confidence in his performance.

Do the citizens of Canada not deserve the same degree of accountability? Let us face it. The stakes are even higher here. We are talking about the finances not of one company but of an entire nation.

It is ridiculous to applaud a government for eliminating a deficit not only that it is responsible for, but this government did not even reduce the deficit responsibly.

How did it manage to eliminate its deficit? By reducing health and education transfers to the provinces. Thanks to the federal cuts, provinces felt the pinch. Hospitals closed, school programs were cut, payroll taxes were up and the list goes on.

The Liberals have addressed the deficit by raising Canadians' taxes 37 times. Now the Liberals have announced 31 new spending programs that would take spending levels higher than they have ever been, leaving Canadians with the highest income taxes in the industrial world.

All this led to even fewer dollars in the pockets of Canadians. We are supposed to thank this government for getting rid of a deficit? Let me take a moment to use an analogy of the nation's financial situation.

Let us consider the government as the *Titanic* of financial coffers. Consider now the deficit as the part of the iceberg situated above the water surface. If members know anything of the formation of an iceberg, they know that the portion of the iceberg they see above the water is minuscule to the vast amount that is hidden beneath the water.

If the deficit represents a small portion of the iceberg above the water, what will we call the massive unseen structure? That is our debt.

For the government to lick its chops in anticipation of blowing our surplus, I urge it to remember that the average family's share of the federal debt in Canada is now approaching \$80,000, a mortgage every family has.

Our nation's massive debt has approached the \$600 billion mark and the government is claiming an economic victory. This is an affront to all Canadians.

The error of foolish Tory and Grit spending must come to an end immediately. There is only one reason why this motion may not pass today. If we could just for one moment put political patronage, broken promises and partisan tactics aside and consider the responsibility each and every one of us in this room has to our constituents, the bottom line remains the same.

We each have a serious obligation to safeguard the economic and social security of Canadians. The time has come for governments to put an end to the last 30 years of Liberal and Tory financial mismanagement.

The legacy of massive overspending deficits, debt and tax increases must end. Any government that claims economic victory is just like the *Titanic* heading for disaster. Full steam ahead on spending now is a collision course with economic mayhem.

Large debt burdens force interest rates higher and increase the cost of mortgages, carrying car loans, household appliances and credit card balances.

The Speaker: My colleague, I know you are right into it. You still have six minutes to go in your speech and five minutes of questions and comments. We will see you after question period.

[Translation]

We shall now proceed to statements by members, beginning with the hon. member for Scarborough Southwest.

*S. O. 31***STATEMENTS BY MEMBERS***[English]***SRI LANKA**

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, I want to draw the attention of the House to the 50th anniversary of the independence of Sri Lanka, once known as Ceylon.

The year 1948 marked the end of a period of colonization and the beginning of a journey for its people to turn Sri Lanka into a country that inspires the pride and support of all of its citizens.

Sri Lanka is a parliamentary democracy and a sister nation to Canada in the Commonwealth. It is a nation that is embracing modern business, trade and international relationships.

It does so as an island which is home to rich and unique languages, cultures and character based on a history going back hundreds and thousands of years.

We recognize that Sri Lanka has major challenges in ensuring standards of institutional fairness and equity among its peoples. It is to be hoped that the current violent conflict will end soon so that the people of Sri Lanka may grow and further develop in peace and harmony.

• (1400)

During the 50th anniversary celebrations I wish all Sri Lankans, especially those who have settled in Canada and in particular those who have made Scarborough, Ontario, their home, a prosperous and above all a peaceful future.

* * *

NATURAL DISASTERS

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, there has been a great deal of focus on the effect that recent bad weather has had on our citizens, particularly our farmers. It seems that we pay particular attention when there is a sudden disaster like a flood, fire or ice build up from freezing rain.

I wish to draw the attention of the House to another weather related hardship. It is slower but equally devastating. Farmers in the north part of my Elk Island riding have been prevented from seeding or harvesting their crops for two years in a row because of untimely rains. Imagine the devastation of losing annual income two years in a row.

I urge the government to view this kind of disaster with the seriousness that it deserves and to extend much needed help to those needy farm families.

YOUTH EMPLOYMENT STRATEGY

Mr. John Maloney (Erie—Lincoln, Lib.): Mr. Speaker, at this moment thousands of young lives are on hold as the future leaders of the country search for jobs.

Young people in Canada are the best educated, most literate and most technologically adept generation in history. Today's rapidly changing economy and competitive job market make it more difficult for inexperienced, undereducated or undertrained youth to find meaningful employment.

Many believe their education is deemed worthless by employers as they are caught in the vicious circle of no job without experience and no experience without a job.

Youth tell us they need improved access to education and training and more information about Canada's labour markets. The Canadian economy needs their energy and talents. They deserve a chance to prove themselves and a chance to acquire work experience.

In response, the government has created the youth employment strategy aimed at helping young people gain the experience necessary to find meaningful employment. While this initiative should be applauded, I challenge the government to increase the scope and visibility of the project so that tomorrow's leaders can have a chance to develop their full potential today.

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*[Translation]***CORINNE BOURASSA-AUBIN**

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, I am proud to inform this House that Corinne Bourassa-Aubin, who was born in Saint-Étienne-des-Grès on January 26, 1898, and has been a resident of the riding of Champlain for 70 years, has just celebrated her 100th birthday.

Mrs. Bourassa-Aubin currently resides at the Luc-Désilets home, in Cap-de-la-Madeleine. Married on October 6, 1919, to Rémi Aubin, Corinne Bourassa gave birth to nine children, six of whom are still alive. Today, their family tree includes 20 grandchildren and 33 great-grandchildren.

My congratulations to Corinne Bourassa-Aubin. I hope she will have a great time with her family and friends, next Saturday, at the 100th birthday party they are throwing for her.

I take this opportunity to commend the management and staff of the Luc-Désilets home for the care they have given her.

Happy 100th, Corinne.

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[English]

AFRICAN HERITAGE MONTH

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, February is recognized as African Heritage Month. As the first black member of Parliament from the province of Nova Scotia, I am personally aware of both the challenges and opportunities presented to Canadians of African descent. I am pleased today that my mother, who taught me to be proud of my heritage, is watching on TV.

On behalf of all my colleagues in the federal NDP I wish to honour African Canadians who throughout Canadian history have played their part, large or small, in developing our community.

While the Reform Party introduces motions to deny multiculturalism in Canada, I am proud to strongly support Canada's multicultural heritage.

In particular, I would like to honour a unique and vital institution, the Black Cultural Centre of Nova Scotia which preserves and promotes all facets of black culture.

Recognition of African Heritage Month is at the same time a celebration of all cultures which are essential to making Canada the diverse and vigorous nation it is. Such is what unity is all about.

* * *

FISHING INDUSTRY

Mr. Mark Muise (West Nova, PC): Mr. Speaker, the Liberal government's Revenue Canada has opted to change the employment status of fishermen in West Nova.

Those owning fishing vessels, whether large corporations or individual fishermen, will now be required to make CPP contributions on behalf of their employees. These changes will mean significant increases in costs for these vessel owners of several hundreds of thousands of dollars in some cases.

• (1405)

In December 1997, despite ongoing negotiations with the fishing industry, Revenue Canada unilaterally set the start up date for these changes as January 1, 1997, followed by a demand for retroactive payments plus interest from the vessel owners to cover CPP contributions for this past year.

This request is very damaging to an industry that has already been decimated by quota cuts over the last few years.

On behalf of the people of West Nova I urge the government to cancel the request for retroactive payments on CPP contributions, return to the negotiating table with representatives of the fishing

industry and help devise a more reasonable timetable for implementing these changes.

* * *

1998 WINTER OLYMPICS

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, today I pay tribute to a number of athletes from my riding of Kitchener Centre who are at this time preparing for the opening of the 1998 Winter Olympics in Nagano, Japan.

Kevin and Cindy Overland, sibling speed long track skaters, will be competing in Nagano for Canadian medals. Scott Stevens whose family is from Kitchener will be playing hockey under the Canadian flag for Team Canada.

Through years of dedication and hard work they have arrived at this goal. When they participate in the opening ceremonies and their individual events citizens of Kitchener and Canadians around the world will feel a sense of pride in the accomplishment of these athletes.

To these athletes from Kitchener and those from surrounding areas and across Canada I extend on my behalf and on behalf of my constituents our sincere pride and best wishes.

* * *

FRED BURKE

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, today I salute Richmond Hill's very own mountain man, a man with clear goals in life, a man who decided he would climb a mountain before his 40th birthday.

Mr. Fred Burke has done just that. He returned home from climbing Mount Kilimanjaro, but he did not do it just for himself. He needed one more reason to make that climb. He dedicated it and any proceeds to a charity, Sheena's Place, a Toronto based non-residential centre for people with eating disorders that offers community support services and programs at no cost to users.

By climbing Mount Kilimanjaro and achieving his goal Mr. Burke helped young people who face their own mountain, their own struggle with eating disorders ever day.

Please join me in congratulating Mr. Burke on his climb and showing all of us the importance of goals.

* * *

SENATE OF CANADA

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, when the Fathers of Confederation founded our parliamentary system they viewed the Senate as a chamber of sober second thought distinct from the more populist House of Commons. It would give protection to Canadians from unreasonable laws and actions.

Given the recent track record of the government's appointments to the other place and the blatant disregard of some senators for the duties they are appointed to carry out, Canadians from coast to coast are raising their voices for change. Canadians are tired of their government using the Senate as its own patronage heaven.

It is time for the government to move toward the 21st century and reform the Senate so that it is accountable to all Canadians. By making the upper house equal and elected it will become the effective chamber of sober second thought that was first envisaged. We owe this to Canadians.

* * *

1998 WINTER OLYMPICS

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, the 1998 Winter Olympics at Nagano, Japan, open this Friday. I am sure the athletes will be overwhelmed with a feeling of pride for their country. This is their opportunity to represent Canada among the best countries of the world at the highest level of competition.

I especially congratulate members of the Canadian women's hockey team on their accomplishments. I remember just a few years ago we were helping with the fight to get funding and recognition for a national women's hockey team, and now look at them. They are not only competing in the Olympic Winter Games but actually have an excellent opportunity in bringing home the gold.

Four members of the Canadian women's hockey team make their home in the city of Scarborough, now the city of Toronto. I wish good luck to Karen Nystrom, Geraldine Heaney, Vicky Sunohara, Laura Schuler and the entire Olympic squad. We want them to know we are all very proud of them as they do us proud wearing the Canadian colours.

* * *

[Translation]

SOCIAL PROGRAMS

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, Tom Kent, one of the main architects of social programs under the Liberal government of Lester B. Pearson, is very critical of this government, accusing it of being largely responsible for the cuts in health and social programs in the provinces.

Here is what he had to say about the arrogance of his Liberal friends "Social programs were hard hit by the cuts made by the Chrétien government, not because of they were social in nature, but mainly because they came under provincial jurisdiction".

S. O. 31

• (1410)

The federal government's withdrawal from social program funding and its propensity for intruding in areas under provincial jurisdiction point to confusion in a government more concerned with promoting Canadian unity than with ensuring the well-being of the people.

That is why the Bloc Québécois will continue to speak out on the need for Quebec to become sovereign.

* * *

[English]

ICE STORM 1998

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, upon hearing about the terrible ice storm in eastern Ontario, Quebec and New Brunswick, Canadians in all regions pulled together to help the victims of the largest natural disaster in Canadian history.

Many of my constituents in the northern Ontario riding of Algoma—Manitoulin also helped, including the Manitoulin Rotary Club which organized a firewood drive. Staff and students at Manitoulin Secondary School, Randy Noble Trucking, McDougall Construction and Taylor Sawmill helped with the collection and preparation of the wood which was then transported to the ice storm victims in Kemptville, Ontario, with the assistance of Manitoulin Transport. Wood that could not be shipped will be auctioned off by the Rotary Club and the proceeds donated to the relief effort.

Elliot Lake businessman Réjean Cyr donated and loaded 100 cords of firewood from his logging business. The wood was shipped to St. Jean-sur-Richelieu free of charge by Genessee Rail One and Canadian Pacific Railway.

Canada has always enjoyed a reputation as a generous and caring nation. During this recent crisis, Canadians such as those in my riding and others from coast to coast displayed why this is so.

* * *

BLACK HISTORY MONTH

Mr. Deepak Ohrai (Calgary East, Ref.): Mr. Speaker, February is Black History Month in Canada. Across our country Canadians of African descent will be celebrating and reflecting upon their rich and diverse heritage.

To mark Black History Month I will be hosting a reception this evening to announce the launch of my private member's bill proclaiming Emancipation Day in Canada.

On August 1, 1834 the British parliament passed an act which abolished slavery throughout the Commonwealth. British and Canadian visionaries led the charge toward equality.

Oral Questions

My hope is that Emancipation Day will serve as a time when Canadians young and old can learn from past injustices and continue our process of nation building. During the 19th century Canada offered a ray of hope to the millions who remained in bondage in the United States.

Let me close with a quote from a U.S. slave published in 1851:

O Righteous Father, wilt thou not pity me and aid me on to Canada, where coloured men are free?

* * *

ICE STORM 1998

Ms. Eleni Bakopanos (Ahuntsic, Lib.): Mr. Speaker, last night we listened to the speeches of the political leaders who on behalf of all parliamentarians thanked Canadians for their generosity and compassion during the ice storm. However I was stunned and disappointed by the partisan remarks made by the leader of the Bloc Québécois.

[*Translation*]

Quite frankly, once again, the leader of the Bloc Québécois has taken advantage of a tragic situation to minimize the contributions made by the Canadian government, Health Canada, the RCMP and, more importantly, the Canadian Armed Forces. Worse still, he minimized the contribution made by the human resources development minister, who announced a \$45 million emergency fund to help in the clean-up. He chose to launch a regrettable partisan attack on the minister.

[*English*]

Once again the separatists have shown that every opportunity is good for cheap partisan politics. They do not represent me, my constituents or the majority of Canadians and Quebecers who applauded the fact that the government did not play partisan politics on the backs of Quebecers during this disaster.

* * *

[*Translation*]

REGIONAL DEVELOPMENT

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, on Friday, January 30, the Secretary of State responsible for the Federal Office of Regional Development-Quebec, announced good news for the Saguenay—Lac-Saint-Jean region.

The Government of Canada is contributing \$285,000 toward the creation of an entrepreneurship and enterprise development centre at the University of Quebec in Chicoutimi. This new centre is vital to the development of the Saguenay—Lac-Saint-Jean region, because it will provide a strong impetus for the creation and development of innovative businesses while adding real entrepreneurial culture to the university community. At the same time, the

centre's activities will mean jobs in the future, for young people too.

This is another excellent example of this government's determination to support the development of an entrepreneurial spirit throughout Canada.

* * *

• (1415)

[*English*]

HERITAGE

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I have in hand a calendar that was provided by the Department of Canadian Heritage, by the heritage minister. She said that it is to guide us to events and dates which have particular significance for our heritage and identity as a nation.

As I go over the calendar it is rather interesting that she guides us to International Artists Day, the anniversary of the Canadian flag and the week of solidarity with people struggling against racial discrimination. But, guess what? There is no Easter. There is no Good Friday.

I carry on. The World Book and Copyright Day is an important day. The World Telecommunications Day is an important day. International Children's Day of Broadcasting. But, guess what? There is no Christmas on this one either.

Yesterday the heritage minister told the newspapers that her department's omission of these days was just a mistake. To the minister I say yeah, right.

ORAL QUESTION PERIOD

[*English*]

ABORIGINAL AFFAIRS

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the minister of Indian affairs invited grassroots aboriginals to tell her about the problems they face on reserve. However, when Bruce Starlight wrote about the problems on his Alberta reserve, his letter with the minister's stamp on it was sent by someone in the minister's office to the chief of that reserve. Now the chief is suing Starlight, using band funds.

My question is for the government. Does this action not clearly violate both the spirit and the letter of the Privacy Act?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the Minister of Indian Affairs and Northern Development answered this question fully yesterday. We respect the Privacy Act. The matter is being investigated to the utmost. We will get to the bottom of this situation.

Oral Questions

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the government acts as if this were some isolated incident, but Rita Galloway, president of the First Nations Coalition for Accountability, says differently. She alleges that when band members write letters to the ministry complaining about financial irregularities or human rights abuses on reserve invariably those letters end up in the hands of the band and council being complained about.

If the government does not condone this practice, what concrete steps will it take to stop it?

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the minister said that she is very concerned about this letter.

It was really beyond the department and the RCMP. It was so important that the minister appointed an independent senior official security investigator from outside the department to pursue the investigation and right now the investigation is ongoing.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, Stephen Constant from the James Smith Reserve wrote to the Indian affairs minister in 1996. Ten days later he got a call from the band leadership that told him that they had a copy of his letter. They said that they always get such letters. As a result the band cut off Stephen's financial support. His child was taken away from him until a court intervened.

Is the government prepared to call in the RCMP to find out precisely who in the department of Indian affairs is violating the privacy rights of ordinary aboriginal people?

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, after making accusations and allegations in the House this week the Reform critic was forced to admit upon questioning that we do not have any evidence of what he said.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, I do not know how much more evidence the government needs. When Bruce Starlight wrote to the minister of Indian affairs to allege corruption on his reserve, that letter was immediately handed to band chief Roy Whitney. Chief Whitney is now using band funds, money contributed by the federal government for all band members, to sue Mr. Starlight.

Bruce Starlight's wife Deanna has a question. She wants to know how it is that money belonging to her and her children can be used to sue her husband. Could the minister explain this to Deanna Starlight?

• (1420)

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I just want to say that—

An hon. member: You are corrupt and dishonest.

Some hon. members: Order.

[*Translation*]

Mr. Bernard Patry: Mr. Speaker, I am going to repeat in French what they probably did not grasp in English anyway.

It is essential to understand that the Department of Indian and Northern Affairs is currently conducting an investigation. A very competent investigator is currently looking into all the allegations brought to this House by the Reform Party.

So long as—

The Speaker: The member for Skeena has the floor.

[*English*]

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, Mrs. Starlight is also wondering how to explain to her children why their former friends at school are now taunting and shunning them as a result of this. She is also wondering what will happen if she is fired from her job at the band office as a result of this blatant betrayal of confidentiality.

Will the minister assure this House here and now that Mr. Starlight's legal costs will be compensated as well as any loss of income suffered by Mrs. Starlight due to this betrayal of confidence?

[*Translation*]

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I just want to tell the hon. member—

[*English*]

—that the department is not paying for Mr. Whitney's legal costs. This is a decision by the band council.

* * *

[*Translation*]

INTERNATIONAL LAW

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, for several months now we have been hearing the intergovernmental affairs minister proclaiming far and wide that Quebec cannot unilaterally declare its sovereignty.

However, four years ago in Saint-Malo, the prime minister said, and I quote "Any advances made in international law have come about through unilateral decisions".

Since the prime minister recognized that, in international law, the principle of effectivity is what counts, why is the government asking the supreme court to interpret international law, when the prime minister has already answered this question himself four years ago?

Oral Questions

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, given the alarming decline in turbot stocks, we believe that what Canada did was consistent with the principles of international law that allow it to take emergency action to prevent the complete destruction of this essential resource.

If the Bloc Québécois wants, at all costs, to link its attempt to secede with the turbot war, then there is no hope. First Mr. Parizeau compared Quebeckers to lobsters, and now the Bloc Québécois is confusing them with fish.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Really, Mr. Speaker. The learned professor has just stepped out of the classroom, has he not? Now he is venturing into burlesque, and I admit it suits him well.

Everyone, including the prime minister, understood yesterday that it is established facts that matter in international law. In other words, international law recognizes facts.

Can the prime minister or his minister explain to us, with a little more gravity, why he thinks that, in international law, established facts apply everywhere but in Quebec?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I thank the leader of the Bloc Québécois for his question and I am going to answer it very calmly.

I find it very interesting that the leader of the Bloc Québécois is admitting that his party now espouses the theory of effectivity, when before that it was self-determination. He has probably been coached by his colleague who specializes in international law and he knows what the theory of effectivity is all about.

I cannot defend in this House something that is before the court, but we could debate the political implications of a government trying to take effective control of territory outside the law. That would be a very interesting debate.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, the Minister of Intergovernmental Affairs has always maintained in the House that, in democracy, governments always act within the law.

Today, the minister has said, after hearing about certain statements made by his prime minister, that governments sometimes take action that is plainly outside the law.

• (1425)

In the face of these blatant contradictions, are we to understand that the intergovernmental affairs minister says whatever he wants, whenever he wants, solely to justify his government's political actions?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, it is too perfect. In no time at all, they are back to their old form, burlesque.

Mr. Gilles Duceppe: Pray, do continue, my good fellow.

Mr. Michel Bellehumeur: He has nothing to say.

Hon. Stéphane Dion: Mr. Speaker, what can I say to such a question? Sometimes governments do things that are challenged in law by other governments, and that generally leads to difficulties. Things are obviously much easier when the people concerned are separated by an ocean.

But if an attempt is made to do something as unforeseen and without precedent as seceding within a democratic framework with no legally recognized framework for doing so, people will be placed in a very difficult situation.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, the minister just put his political arsonist's suit back on again.

Given the federal government's actions, such as the unilateral patriation of the Constitution and the unilateral decision made in the turbot war, are we to understand that there is a double standard, that is one set of rules for this government and a different one for Quebec?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I explained that, in our view, as regards the turbot issue, we acted in compliance with the principles of international law.

As for the Constitution of Canada, it is recognized as being legal everywhere in the country. In fact the PQ government just used it for the purpose of making an amendment.

* * *

[English]

BANKING

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, yesterday the finance minister accused the NDP of being lobbyists for the big banks. I think the minister should look in the mirror.

Meanwhile the monster merger partners are rushing to the altar having signed a prenuptial agreement imposing hefty penalties if either partner gets cold feet. By the time the minister consults Canadians, the partners will be on their honeymoon.

Why will the minister not give Canadians a real say and establish a parliamentary committee now?

Oral Questions

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is indeed a strange sight to see day after day members of the NDP standing up and speaking for their new found friends in the banks.

All I can really say to the NDP is that the banks may have signed a prenuptial agreement, but I do not understand why they want to be the midwife.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the minister still insists on his pathetic strategy of waiting eight months for the task force to report. He looks like Neville Chamberlain trumpeting the virtues of waiting while his foes make busy their preparations. The minister needs to acknowledge that the world does not stand still, not even for him.

Why do we not, immediately following the budget, strike an all-party committee and allow Canadians to voice their concerns?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we are not going to allow the banks to push the schedule ahead of the principles which Canadians want to have established in this particular case.

The task force has been established. There will be a parliamentary committee which will consider it. It is the Government of Canada that will set the schedule, not the banks nor their friends in the NDP.

* * *

[Translation]

TUITION FEES

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, today I just met with representatives from the Canadian Alliance of Students' Associations.

Every time I meet students, I come to the same conclusion. Tuition fees have never been so high, while funding has never been so low, following the Liberals' savage cuts to health and post-secondary education.

I would like to know if the government intends to increase the former Deputy Prime Minister's salary, as she requested yesterday, or if it will first take measures to reduce the debt load of all students in Canada?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I want to thank the Conservative leader for his question.

I also met with representatives of the students' associations yesterday. We have been working in close co-operation with these associations since November, and we had a very successful workshop with the banks.

• (1430)

My colleague, the Minister of Finance, also met these representatives yesterday afternoon. I can assure you that, following the measures already announced in the 1997 budget, which include

better repayment schedules, we are now considering a number of options, because we are perfectly aware of the difficult situation in which students currently find themselves. We want to encourage students and help them stay in school and in university for as long as possible.

[English]

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, when I met today with the Canadian Alliance of Student Associations, they had the same thing to say as all other student groups. The tuition fees have never been higher and funding for post-secondary education is lower because of the savage cuts by this government to the tune of \$6 billion.

Yesterday the Prime Minister compared himself to a bad NHL hockey player. We know he can skate but the Liberals cannot score. I would like to know what this government is going to do to diminish student loan debts in this country. If the millennium fund is the answer, then it is on the wrong track. We want to know what the government will do to diminish the heavy load of debt that students are carrying in the country.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the Minister of Finance and I have spent a lot of time with the student associations in the last few weeks and months.

We began to address this situation in the 1997 budget. The 1998 budget might contain some important elements.

It is interesting to see that the Conservative leader has rejected the millennium fund as not helping hundreds and thousands of students, without even seeing it. In addition to the millennium fund, we are going to address the structure of the Canada student loans program. We are investigating several options that will reflect student needs in this country.

* * *

IMMIGRATION

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

Two landed immigrants from Haiti have been sentenced in a Montreal courthouse to 18 months of community service for having repeatedly gang raped an 18 year old woman. Canadians are outraged with this lenient sentence.

Will the minister take immediate steps to deport these individuals?

[Translation]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, first of all we must be perfectly clear. Where Canadian citizens are concerned, there is no question whatsoever of deporting them to another country. If it is a matter of—

Oral Questions

Some hon. members: Oh, oh.

Hon. Lucienne Robillard: Mr. Speaker, pardon me, I will finish answering.

If this involves permanent residents of this country, there is a procedure which we are going to apply in the case of concern to us at present.

[*English*]

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, these two rapists are not the type of individuals Canadians want in Canada. Landing is a privilege, not a licence to rape.

Why does the minister refuse to do the moral and honourable thing and at the same time send a message that Canadians will not tolerate this type of behaviour from people in our country?

[*Translation*]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, what we are discussing here has nothing to do with these persons' unacceptable behaviour. What is at issue is these persons' right to be heard before the courts and to make an appeal, within the justice system we have here in Canada.

I repeat: if a Canadian citizen is involved, he goes through the justice system, and if a permanent resident or someone who has applied to become a permanent resident is involved, the immigration legislation is what will apply.

* * *

BILL C-28

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, yesterday, when we asked questions about Bill C-28, which seeks to amend, among others, the Income Tax Act provisions on international shipping companies, the Minister of Finance and the Prime Minister got all worked up, but provided no answers.

My question is for the Minister of Finance. Instead of getting upset, would it not be better for him, and for everyone else, to reply to these questions: who asked for this amendment to the Income Tax Act, and who could derive benefit from these changes?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I think the prime minister provided a full answer on this issue yesterday.

A press release issued by the Department of Finance clearly states that Bill C-28 does not at all apply to Canada Steamship Lines or to Canadian companies. Again, I wonder why the hon. member is trying to tarnish the reputation of a representative of this House.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, at the suggestion of the finance minister himself, I met, about an hour and a half ago, Len Farber, who is responsible for tax issues at the Department of Finance.

• (1435)

Mr. Farber could neither deny nor confirm that the new provisions might benefit the finance minister and his businesses.

So, I ask the Minister of Finance: Can he tell us why the provisions of Bill C-28 dealing with international shipping could apply to all Canadian companies that have subsidiaries abroad, but not to his own companies operating in Canada, Bermuda, Barbados and Liberia?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the Department of Finance today issued a press release that provides in-depth information in this regard. Again, based on my information, the amendment does not at all apply to the companies in question.

* * *

[*English*]

IMMIGRATION

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, Canadians are losing confidence in our immigration process. In addition to blatant abuses of immigration policies, we now hear of corruption and fraud by more than one former immigration officer.

Can the minister inform the House how many criminal investigations are currently taking place involving former officials in her department and how many past investigations have resulted in convictions?

[*Translation*]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, allegations about Citizenship and Immigration Canada employees or former employees are always taken seriously by the department. Investigations are immediately initiated either within the department or in co-operation with the RCMP.

Clearly, specific actions are taken after the facts have been established, contrary to the Reform Party's contention that all employees of the department are being accused of corruption, which is completely false.

[*English*]

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, it is amazing that this minister does not seem to know what is happening in her own department. The reports of the auditor general and the legislative review committee both recommended an end to patronage appointments to the IRB. In response to these recommendations, the minister appointed defeated Liberal MP Anna Terrana to the IRB.

Did the minister purposely disregard the recommendations of these two reports or did she simply try to sneak in another Liberal through the patronage back door?

Oral Questions

[Translation]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the hon. member from the Reform Party is not too good at reading reports. Let me read you what the auditor general said regarding appointments made on the basis of recommendations by an advisory committee operating at arm's length from the minister and the government.

The auditor general said this: "Basically, we have found no evidence of patronage. We did speak with the chairman of the committee responsible for making recommendations concerning appointments to the board and the information we have obtained shows that every appointment was made from a list provided by this special committee". This contradicts—

The Speaker: I am sorry to interrupt the minister. The hon. member for Roberval.

* * *

BILL C-28

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, we have checked, and the press release referred to by the Deputy Prime Minister providing clarifications on questions we asked is not yet on the Minister of Finance's Internet site. So, we will continue to ask questions, and it is in the government's interest to answer them.

Serious doubts remain. On Monday in this House, the member for Durham stated, and I quote "Consequently, the proposed amendment does not benefit Canada Steamship Lines and the company has no intention of utilizing this provision".

My question is very brief. If the company changed its mind, could it utilize this provision in the minister's bill?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I think the Minister of Finance's press release is very clear.

These amendments were proposed by the international maritime centre in Vancouver, a non profit agency established in 1990. The proposed amendments are not relevant for companies established in Canada or for foreign affiliates managed abroad. I think that is a complete answer.

• (1440)

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, it is odd that we have been trying to get information for two days and it is only by backing the government up against the wall that we get a press release that only partly answers the question. Considerable doubt still remains. I think it is appropriate to talk about this here, as this is the place to raise the question.

Does the government not realize that the burden of proof rests with it and that it must prove, for the good of the Minister of Finance and the government, not only that Canada Steamship Lines

is not utilizing the provision but that it will never enjoy the benefits afforded under Bill C-28?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I think the hon. member is mistaken. The burden of proof, in our legal system, rests on his shoulders, and he has not discharged the burden of proof in this interesting situation.

Mr. Yvan Loubier: No, it is not on our shoulders.

* * *

[English]

CABLE SERVICE

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, yesterday when I asked the heritage minister about the cable company fee increases she basically told Canadians to go watch their radio. Stick to basic service in order to avoid the cable monopoly sticking it to you. That is from the Canadian heritage minister who is supposed to be looking after promoting Canadian heritage. What she is basically saying is boycott the new specialty channels.

Why will she not stand up for consumers? Why is she standing up for the cable companies?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, what I said yesterday and what I repeat today is that if consumers want to remain at the basic price level they can in fact purchase the basic service. They get a number of channels on the basic service. The price for the basic service is fixed by the CRTC and that basic price has not been increased.

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ATLANTIC CANADA OPPORTUNITIES AGENCY

Mr. Rob Anders (Calgary West, Ref.): Mr. Speaker, the Liberals spend hundreds of millions of dollars each year on the Atlantic Canada Opportunities Agency, supposedly to employ Atlantic Canadians. But I was shocked to learn that this agency is funding the ocean management and training company where the Canadian workers have just been ditched in favour of hiring foreign workers.

My question is for the Minister of Human Resources Development or the Minister of Industry, whoever is the most proud. Is this the latest Liberal brainwave to create jobs in Atlantic Canada? Is this the best they can do?

Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, in response to the hon. member's question I can tell him that there are close to 100,000 Atlantic Canadians who have taken advantage of the Atlantic Canada Opportunities Agency. Clearly the name of the game is to keep Atlantic Canadians in business and operations and we will continue to do that.

Oral Questions

[Translation]

BILL C-28

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Deputy Minister said a moment ago that it was up to the opposition to prove that there was a problem with the Minister of Finance.

This is proven. The burden of proof lies with the government, for how can the Deputy Prime Minister explain to me honestly that a minister who is not entitled to speak on a matter in order to not be in conflict of interest is entitled to sponsor a bill which confers tax advantages to shipping companies?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the answer is very clear. The bill does not concern anything currently held in trust by the Minister of Finance. The proposed amendments concerning international shipping clarify the 1991 rule which is intended as an incentive for foreign carriers to do business in Canada.

In this bill we are not talking about a Canadian company.

* * *

[English]

CAPE BRETON DEVELOPMENT CORPORATION

Mr. Joe McGuire (Egmont, Lib.): Mr. Speaker, my question is for the Minister of Natural Resources.

Yesterday the member for Bras D'Or stood in her place, frantically waving a document which she purported to be a secret government document which threatened to privatize the Cape Breton Development Corporation.

Will the minister relieve the people of Cape Breton?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the loud and vacuous antics of the NDP yesterday made it impossible to deal seriously with what is obviously a serious issue for the people of Cape Breton.

● (1445)

With respect to Devco let me simply quote what I said over two months ago to a Senate committee. One could only have a rational discussion about privatization vis-à-vis Devco once commercial viability has in fact been achieved. We are not yet to the point where commercial viability has been achieved and accordingly it is entirely hypothetical to contemplate the notion of privatization.

That is what I said before the Senate committee and the NDP should at least catch up with the Senate.

TAXATION

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the Liberal government still wrings \$3 billion a year out of taxpayers through the 3% and 5% surtaxes. These taxes were introduced, as the minister knows, as temporary measures. They were designed to be in place until the budget was balanced. The budget was balanced.

Reformers have long called for the removal of these taxes. We are going to continue to remind the minister that these taxes need to be removed upon balancing the budget. We are at a balanced budget now.

Will the finance minister remove the 3% and 5% surtax?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we made it very clear, as we have in past budgets, that we are certainly desirous and prepared to reduce taxes.

What we are not going to do is what the Reform Party has suggested which is to pay for tax cuts by gutting health care, by gutting pensions. Indeed, we are not going to gut equalization which is what it has suggested.

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THE ECONOMY

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, not only has health care funding been falling under the Liberal government but so too has the Liberal loonie recently to its lowest point in history, forcing our interest rates up by half a percentage point.

The Prime Minister says don't worry, be happy. Instead of giving Canadians happy talk, why does the government not act to restore confidence in our currency by devoting at least half of any future surplus to the dollar killing debt so that we can pay down our debt, restore confidence in our currency and our economy?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as the hon. member knows, the debt is the accumulation of yearly deficits. Perhaps I should remind the hon. member that when we took office in 1993 the deficit was \$42 billion.

I can now assure this member that next year that \$42 billion will be zero.

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BANK MERGER

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, the finance minister is coming across looking pretty defensive these days. First he is caught off guard by the monster merger announcement. Then he tells us his hands are tied by the task force. Then today he accuses the NDP of being the bankers' friends.

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But in fact in 1996 the Liberals took \$140,000 from the Bank of Montreal and \$110,000 from the Royal Bank.

Is that not why his hands are tied? How can the Liberals take these monster donations and then expect us to believe that the monster merger is not already a done deal?

The Speaker: I would say that question is out of order. Next question.

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, what goes around comes around. Small business people, consumers and farmers are getting their next jerk by the banks. Now the finance minister is getting his leash jerked by the banks for a quarter of a million dollars.

Is that not why he will not stand up to the big banks? Just this once, why not put the banks on a short leash and stand up for Canadians?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, perhaps he ought to attend the odd meeting of the industry committee or the finance committee or any committee. We he ought to do is sit down with the Liberal members of Parliament who have for four years fought for small business, fought for farmers, who have brought the banks in front of the committee and said that they must improve, and in fact who are responsible for the appointment of an ombudsman.

If the NDP just once could match its rhetoric with action, we would understand what it is all about. The fact is the Liberal members of Parliament in this House have consistently fought for small businesses and they will continue to do so. They are the future of this country.

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FEDERAL TRANSFERS

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, in many ways the government has reduced the deficit by transferring its problems to other jurisdictions, namely the provinces, municipalities and individual students.

• (1450)

This government has slashed transfers to the provinces by over \$6 billion while the students of Canada have now picked up a total of \$6.9 billion of debt. This is no coincidence.

My question is for the Minister of Finance. Before any minister receives a pay raise, will he be removing this crushing debt on the shoulders of our young citizens?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to answer the

question posed by the hon. member concerning MP compensation packages.

As he will know, the report of the independent commission has been referred to a parliamentary committee. However, I will take his question as representation for a salary increase.

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, my question was about student debt. So far this government has only offered band-aid solutions like the millennium fund. This fund will address only a limited number of students somewhere in the future.

My question addresses the 1.5 million students presently enrolled and the forgotten students who have already graduated and cannot find work: \$6.9 billion in total debt. What is the minister prepared to do for these students who have absolutely no prospect of sharing in the millennium funds?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is simply incongruous that this member, belonging to a party that left this country with a massive debt and a huge deficit that this government had to deal with, now stands up here and talks about other kinds of debt when in fact the reason this government had to act was because of eight years of mismanagement.

Last year we brought forth more measures to help students than in all the previous Tory budgets combined and that party voted against them and against Canadian students.

Some hon. members: Oh, oh.

The Speaker: I remind all hon. members that this is the House of Commons, not an outhouse.

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ICE STORM

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, my question is for the Minister of National Revenue.

For many people in eastern Ontario and western Quebec the ice storm put a tremendous strain on their personal budgets and gave them little time to reflect on financial planning. Can the minister advise the House if the government is prepared to extend the deadline for RRSP contributions for those in areas affected by the ice storm?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, we care very much about the people affected by the ice storm. I am happy to announce today on behalf of the government and the hon. Minister of Finance that we will be extending the deadline for RRSPs to the end of March 1998 for those areas affected by the ice storm. This will enable them to get their financial house in order and ensure that they will be able to take full advantage of the RRSP contribution.

*Oral Questions***MEDICAL RESEARCH COUNCIL**

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, recently the Medical Research Council announced its grants. None of these grants found their way to Saskatchewan where a world class cancer centre is located. Meanwhile, the heritage minister announces multimillion dollar handouts to ballet and opera companies.

Does this mean this finance minister's new spending priorities are on dancers rather than cancers?

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I am sure that the hon. member has followed the pattern of funding through the MRC. He will acknowledge that there was \$238 million invested through the MRC and an additional amount with the MRC partnerships that have been encouraged over the course of the last four years.

• (1455)

He will know that even in Saskatchewan, some of those partnerships include institutions, industry and other organizations in order to top up the amount of money that goes into basic research which he knows and appreciates that this government supports wholeheartedly.

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[Translation]

VICTORIA BRIDGE

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, yesterday, all on the same day, we were told first of all that the Victoria bridge would be closed starting March 1, and then that it would remain open to automobile traffic. The public is concerned about this total confusion.

My question is for the Minister of Transport. The minister is responsible for transport, so can he reassure the public by confirming without a shadow of a doubt that the Victoria bridge will remain open after March 1?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, there is no confusion as far as I am concerned.

As I said yesterday in the House, I remain optimistic for a solution concerning the Victoria bridge, and I hope there will be one before March 1.

* * *

[English]

IRAQ

Mr. Svend J. Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Minister of National Defence. Many Canadians are deeply concerned that the United States is

planning a military strike on Iraq, a strike that will only further hurt the Iraqi people, especially children already devastated by the impact of sanctions.

Does the minister agree with his colleague, the Minister of Foreign Affairs, who said recently that we must maintain the integrity of the UN system in this case? Will Canada strongly oppose any unilateral U.S. military action, promote a peaceful, diplomatic solution—

The Speaker: The hon. Minister of National Defence.

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, of course I agree with the Minister of Foreign Affairs.

One thing this government wants to see is a peaceful solution in the said matter. We want to see a diplomatic resolution so that Iraq complies with the UN security council resolution. We are resolved to see that happen.

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STUDENT LOANS

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, my question is for the finance minister. This government's scholarship fund is simply not enough. With its cuts to Canadian students, its fund is like taking away a loaf and giving back to Canadian students merely a slice.

Is the finance minister aware that Canadian students often have a higher debt than American students? Before he gives himself and his cabinet colleagues a generous pay raise, will the finance minister tell us what this government will do to address the high debt levels that Canadian students face? This government just does not get it. Student debt is just too high.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no doubt that student debt is too high. That is why we moved in the last budget. That is why the prime minister announced the millennium fund.

It is somewhat difficult to understand how the member can criticize the millennium fund when he does not even know the details of it.

Fundamentally we have said that we are going to deal with the issue of student debt to the extent of our resources. The fact is that debt started to rise substantially under his government.

Why does he not accept and understand what it has done to the fabric of this nation?

* * *

ICE STORM

Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, for four days the Bloc has been slamming the

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Canadian government, claiming we are not doing enough to help disaster victims in Quebec.

Everybody knows of the great efforts of our Canadian armed forces in Quebec. What the heck else is the Canadian government doing to help disaster victims in Quebec? I would like an answer in a minute or less.

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, although it is the responsibility of the provincial government to provide the first line of defence in case of emergencies, the federal government has obviously used all its resources, including the department of defence with the army, the departments of health and national revenue in order to help.

The Department of Natural Resources has provided \$45 million. I have already indicated that we were ready to contribute by giving a cheque of \$50 million to minister Brassard in Quebec.

The minister of defence has done the same thing in Ontario. We will continue to do that.

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• (1500)

TAXATION

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, in 1985 the Tories introduced an insidious blood sucking tax called bracket creep. It is still here. It was supposed to be a tax to reduce the deficit.

I ask the minister of finance, now that we are going to get the budget balanced, is he prepared today to say he is going to drop the bracket creep tax?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I am not in the position to talk about what is going to be in this budget or in subsequent budgets throughout the course of this mandate.

I can assure the hon. member that it is the intention of this government to reverse every insidious blood sucking action the previous Tory government took.

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POINTS OF ORDER

QUESTION PERIOD

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I rise on a point of order emanating from question period this afternoon.

During the course of question period I put a question to the Minister of Finance concerning the bank merger. I was citing some facts with respect to contributions made by banks to the governing party. Then I asked the question subsequent to that.

These facts came from the chief electoral officer's report of Canada outlining that the Liberal Party received substantial contributions from the bank—

The Speaker: Colleagues, I know that you will give enough leeway to your Speaker to make a decision in this matter. If the hon. member wishes to pursue this, I will see him in my chambers. This point of order is over.

* * *

BUSINESS OF THE HOUSE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, I would like to ask the government House leader to inform the House of the order of business for the remainder of this week and next week.

I would also like to ask him whether or not there will be a debate on the budget in the following week.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, to answer the last question first, Mr. Speaker, I can confirm that the Minister of Finance has not yet announced the date of the budget.

Tomorrow we shall deal with third reading of Bill C-18, respecting the power of customs officers. There is an understanding to complete debate on that bill tomorrow.

On Monday we shall return to report stage of Bill C-4, respecting the Canadian Wheat Board.

• (1505)

On Tuesday, February 10 and Friday, February 13 we shall have opposition days.

Wednesday and Thursday of next week we will continue Bill C-4 to complete it at remaining stages. Time permitting, we will work on continuing to deal with other legislation to be arranged later with the possibility of doing Bill S-5.

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COMMITTEES OF THE HOUSE

NATIONAL DEFENCE AND VETERANS AFFAIRS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I think you will find that there is unanimous consent for the following motion:

That, in relation to its study of social and economic challenges facing members of the Canadian forces, the Standing Committee on National Defence and Veterans Affairs be authorized to travel to Quebec City, Valcartier and Bagotville from February 8 to 12, 1998, to Kingston on March 16 and 17, 1998, to North Bay on March 22 and 23, 1998, and that the necessary staff do accompany the committee.

(Motion agreed to)

Supply

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—GOVERNMENT SPENDING

The House resumed consideration of the motion.

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, having your presentation interrupted by question period is somewhat like having a couple of rounds of WWF during a tennis match, but I will try to carry on.

Large debt burdens also reduce the levels of job creating and investment in plants, machinery and equipment. The massive iceberg of a debt that government seemingly refuses to address has exposed Canadians to higher taxes, making investors nervous.

This government owes it to Canadians to change the course of financial administration in this country and to heed the warning calls that have been sounded.

Young generations of Canadians have recently realized that they cannot trust the government to pay back their CPP contributions when they retire in the next millennium.

The government's financial record is simply atrocious. For years and years government was entrusted with safeguarding and wisely investing the Canada pension plan funds. The track record is very embarrassing. The government now owes almost \$4 billion to the CPP and a whopping \$114 billion to public sector pension plans.

Again, think of the government as the CEO of our nation. In the private sector, its track record would never be tolerated. Shareholders would be hollering from the rooftops for a change. Canadians need to hold their government to the same degree of competence. Shareholders in a company would not be approving spending increases if the company still carried a multibillion dollar debt load.

To conclude, I come back to my original analogy of the *Titanic* government approaching the ever increasing iceberg debt. Knowing now how the plotted course of action will hurt our nation's economy, it would be indignant of this government to keep spending full steam ahead, leaving already overburdened Canadians to pick up the pieces and carry the worry of such a huge debt on their backs.

The responsible thing to do is to change our course of action. Ignoring the debt will be as irresponsible as ignoring the warnings of the looming iceberg was to the *Titanic*.

I urge the government to stop playing Russian roulette with our nation's finances.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I thank my colleague for an excellent speech. He has a good understanding of the necessity of bringing our debt under control and managing the finances of the country on a very solid basis.

I wonder if he would take a minute to tell the House and the members here what in his view is the effect of the large amount of debt and the interest payments on it in terms of the effect that has on the paying of government programs.

• (1510)

Mr. Rick Casson: Madam Speaker, servicing the debt, \$48 billion a year, affects every aspect of government. The fact that that kind of money has to go to strictly service the debt and cannot be used for social programs, cannot be used for education, cannot be used for health programs is what is wrong with this country. If we can get the debt paid down and free up some of the interest payments to it and slowly work away at it, we can free up funds to take care of the problems that we discuss in this House every day. Some of the debt is held on short term, high interest rates, so we have got to get rid of that first.

I see people in my constituency office on a daily basis who are struggling to get by, and they are struggling for one reason, the tax load is too high. There are two parents working, one working just to pay the taxes, so that they can try to make a living and try to take care of their children.

This has to be changed. We have to reduce the debt. We have to free up more funds. We have to reduce taxes so families in this country can enjoy the kind of life they deserve.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, earlier today the Leader of the Opposition led off the debate by outlining his party's position being that 50% of the surplus should be applied against the debt and the other 50% should go to tax breaks.

In answer to a question about spending, the Leader of the Opposition said they plan to keep spending levels the same. Given that is the position of the Reform Party, I wonder if the member could advise the House what items of new spending the Reform Party is proposing, if any, and if there are some, what exactly is it going to cut out if it introduces these new programs to make sure that total spending levels do not increase?

Mr. Rick Casson: Madam Speaker, I would like to thank the member for his question. A couple of the areas that we must address, and I think I mentioned them earlier, are health care and education. We heard today in the House that education tuition is too high. Student debt has increased substantially in this country. We see it daily at home that the students are coming to us and saying that they cannot afford to pay higher tuition. There has to be some help.

Supply

We looked at health and we looked at the way education is funded, and these are a couple of places where we would like to spend some money.

Mr. Paul Szabo: Madam Speaker, I appreciate the member's response to the first half of the question, that he will spend in these areas. The second part of the question, which he did not answer, is to pay for those additional spending items that he laid out, what do we spend on today that they plan to cut out so that total spending does not increase from today's levels?

Mr. Rick Casson: Madam Speaker, there are lots of areas where we could spend. There are lots of areas where we could save money. In one place we could have had \$500 billion more if we had not had to pay the penalty on cancelling a bunch of helicopters that we ended up buying anyway. We could have saved \$260 million on the bungled Pearson airport deal. We could have saved \$3.4 million on Mulroney's airbus payout. These are but some of the places we will look to find this money. There is \$1.1 billion in regional development savings. We could look at eliminating that.

We are looking at the Department of Canadian Heritage. We are looking at the department of Indian affairs. We hear in this House every day of the mismanagement that happens there. There is money there that could be realized. We are looking at cutting the employment insurance rates by 21%. These are just a few of the areas we would look at and a few of the places where we believe money could be found.

Every department, every office in this government should be looked at and decided if it is still needed and if there is room in that office for some cuts.

Ms. Elinor Caplan (Thornhill, Lib.): Madam Speaker, I will be sharing my time with the member for Waterloo—Wellington.

• (1515)

I am pleased to have the opportunity to stand in the House of Commons today to participate in this debate. For those who are watching and may have just tuned in following question period, we are debating an opposition motion that condemns the Liberal government for imperilling the economic and social security of Canadians. First, nothing could be further from the truth. Second, the motion is not supportable for numerous reasons.

I am proud to stand in my place today as a member of a government that in 1993 inherited a \$42 billion deficit and, as we heard from the finance minister this afternoon during question period, will for the first time in too many years see a balanced budget reported.

If anything is to secure the future of Canadians, if anything is to secure economic and social services for the people of Canada, surely getting our fiscal house in order is the first prescription for achieving that.

The motion is not supportable because it denies the reality of the fact that we have turned the corner. The back of the deficit is broken. We are on the verge of a balanced budget. The Liberal Party has a plan that we went to the people of Canada with. I was proud to take it to the people of my riding of Thornhill.

During the election campaign last spring I told my constituents about the plan of the Liberal Party, that we expected the budget to be balanced within the next two years and that as soon as we achieved a balanced budget it was our intention to have surpluses. That is what happens when the budget is balanced.

Fifty per cent of the fiscal dividend, whatever its amount, will be used to offer needed debt and tax relief to Canadians and fifty per cent will be used to invest in the important quality of life and social priorities of Canadians. Those priorities are health care, education, children, training and child poverty. I hope we can achieve a consensus in the House that the people of Canada understood the promise and the importance of that kind of balance in public policy.

No one will stand in the House to say "I love paying taxes". However I will say I love Canada and I love the services we have collectively decided to support. I love the fact that when I travel outside Canada people say to me that with Canada's health system it does not matter if you are rich or poor; you get care. People around the world know that we have problems, but Canadian medicare says to people that it will do what it can to ensure they get the care they need when they need it. They do not have to worry about bankruptcy or their children or mortgaging their future.

Many of the people of Thornhill have mortgages. It is a young community made up of Vaughan, Markham and Concord. Many have children. There is an older population in Thornhill. Many live in condominiums. Some have mortgages. Many people who cannot yet afford homes live in apartments.

• (1520)

All of them wish for a brighter and better economic future. They all want us to preserve the quality of life for which Canada is famous around the world. They want us to protect the social programs which have defined Canada and make us proud to be Canadian.

The people of Thornhill understand very well that when we start to talk about fiscal policy it is important to have a balanced budget. They know that sometimes a crisis will arise. They saw recently and were very sympathetic to the people who were suffering because of the devastating ice storm. I received many calls at my constituency office from people offering to help. We directed them to the appropriate disaster relief agency.

The people of my riding are sympathetic. They understand there can be crises that must be addressed, but they want fiscal prudence. Because many of them have mortgages or many of them have

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debts, they know that what is important is how they manage them. Is the debt or mortgage affordable?

I was concerned that the size of the debt was growing in Canada and that the debt to gross domestic product ratio was growing. For me the first priority has always been the elimination of the deficit and the stabilization of the debt. I was proud that the government made a commitment to reduce the debt to GDP ratio. We have already seen that occur.

The trend is in the right direction. It is important to reduce the debt. That is an important part of fiscal prudence. I believe very strongly that neither the debt reduction strategy nor the tax reduction strategy nor the investment in our youth and in our social programs will do anything but enhance the future for Canadians because the plan is balanced. It recognizes that it is important to Canadians that we manage our house, that we balance our books, that we look at our debt and ask whether we can afford it.

As we see a decline in the debt to GDP ratio and as the debt is gradually reduced we will look at the debt and make an assessment, just as people do every day in the riding of Thornhill and elsewhere across the country. They come to the conclusion that they do not want to wait until their house is paid off before they give their children the opportunities they need to have a successful future. No one wants to insist that their house is paid off before their children can go to university.

The people of Thornhill would like to see tax reduction, but they know the fairest way of reducing taxes is to make sure those people at the low end are the first to get tax relief. It is in their interest to have a strong social safety net. It is in their children's interest. It is in their grandparents' interest.

The plan of the Liberal government, which is a balanced policy, will improve the future of all Canadians. I believe it is supported by the people of Thornhill. They know it is in their interest and in their children's interest. That is the reason they honoured me by voting for me and the Liberal Party during the last election in such tremendous numbers. Some 60% of the people voted for me. For that I say thanks. I believe they would want me to vote against this motion of the Reform Party.

• (1525)

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Madam Speaker, I have to agree totally with the Liberal member who just spoke. It is the people at the low end of the scale who should be getting the tax relief.

That being the case, I would specifically like to know why it is that her government would see a single parent mother with two children, earning \$15,000 a year, pay \$1,700 a year in taxes to her government. I would like to know why families earning \$30,000 a year and under contribute almost \$30 billion in taxes to her government.

Why then does she think Canadians should believe that her words have any basis in fact? She says, on one side of the coin, it should be the people at the low end of the scale who are getting the tax relief; but on the other side of the coin her government is collecting \$30 billion a year from families earning less than \$30,000 a year income. It is incomprehensible.

Let me be very clear and very precise. The specific program of the Reform Party is that the people at the low end of the scale will be the first people who will be advantaged. We will no longer see single parent moms who are barely getting by paying taxes to a government. That is where the Reform Party will make the relief. Why will the Liberal government not do it?

Ms. Elinor Caplan: Madam Speaker, I do not support the Reform Party policy that would scrap medicare. I do not support the Reform Party policy that would scrap the CPP. I do not support the Reform Party policy when its members stand in their places to tell the people that Canada has the highest rates of income tax in the G-7. The reality and the truth is that we are in the middle of the pack of the G-7 when it comes to taxes.

When people look very closely at Reform Party policies they will begin to realize the high price they will pay in the serious deterioration of the quality of life.

I say the Reform Party should support the child tax benefits, the millennium scholarship fund and the initiatives of the government which are balanced and which offer to people the kind of support they need.

Sure, we have to make progress, but his policies only cut the taxes and the deficit. They forget about medicare, pensions, education and social safety nets. They scrap equalization payments. I say no to my colleague in the Reform Party. That is not good for Canada and not good for the people of Thornhill.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, I heard the Liberal member's comments and she is absolutely dishonest in what she is saying. The Reform Party is the only party that has railed against the Liberals for the gutting of health care and education that they have done over the last three and a half to four years, to the tune of \$7 billion. That is the amount by which the Liberals have gutted the health care and education programs.

We have said that we would put the amount back in to the tune of \$4 billion and that member knows it. Her statements are dishonest. I challenge her to stand and say that they are not.

Ms. Elinor Caplan: Madam Speaker, I am not even going to respond to the member opposite. He is absolutely ridiculous. What he says is not true. I would say to him that anyone who scrutinizes Reform Party policies would understand that they would fundamentally dismantle all those things which have built the country

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into a great and wonderful country where everyone has access to medicare, public education and, for those in need, to pensions.

• (1530)

I can say to him that I am proud of the fact that I have been in public life for almost 20 years and I am proud of my reputation for always telling the truth.

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Madam Speaker, thank you for this opportunity to set the record straight and to discount this most unworthy motion. I will not attempt to teach the opposition member the fundamentals of economics.

As my hon. colleagues have so eloquently stated, it is hard to find fault with an economy that boasts a disappearing deficit, low interest rates, low inflation and high confidence in one of the most robust economies in the industrialized world. The fiscal facts speak for themselves.

I want to remind the House that this progress was achieved without compromising our core values of fairness, generosity and compassion. This government recognized that deficit reduction did not come down to a choice between economics or people. It was a question of making the right choices in order to build a better and stronger society.

That is why we cut defence spending and agreed to develop a national children's agenda, making our first down payment by establishing a national child benefit that increases support to low income families with children. It is why we reduced subsidies to business, but increased spending on youth. Over three years overall government efforts will help nearly 300,000 young Canadians find their place in the labour market.

It is why we closed tax loopholes for wealthy Canadians, but launched an opportunities fund and employability assistance program for people with disabilities to ensure that they have an equal opportunity to enjoy the dignity and financial rewards that come with employment.

We have made wise investments, investing in the future, creating incentives for life-long learning, encouraging self-reliance and ensuring financial support for those in greatest need. Each social program is more target, more results oriented and more responsive to Canadians' needs than ever before.

I stand proudly before this House as a member of the government that believes profoundly in social investment. We know it is the right thing to do. It is the Canadian way.

It is with a mixture of disbelief and dismay that I address this illogical opposition motion. I am at a loss to understand what the hon. member considers to be "reckless spending". I must admit to

being curious about which social programs he believes imperil the economic and social security of Canadians.

Does he suggest we put the brakes on our campaign against child poverty, a co-ordinated national strategy to improve the well-being of children that sprung from productive partnerships with provincial and territorial governments? Does he realize that ensuring children have a strong start in life is critical to Canada's future? Study after study concludes that a failure to invest in early childhood development negatively affects our economic prosperity. Children in economic poverty encounter more difficulty and experience more emotional and behavioural problems throughout their lives.

Maybe the opposition believes it is better to pay later, when the social burden would be even greater if we attempt to rebuild shattered lives and when our country will find itself incapable of competing in the global economy because of a lack of healthy, productive work-ready young adults.

Perhaps the hon. member believes we should forego the millennium scholarship fund which will ensure that students who want to pursue an advanced education, regardless of their financial circumstances, have every chance to realize their career dreams.

I wonder if the opposition is suggesting we should not fund the Canada student loans program which supports 370,000 full-time students, almost one-third of full-time students enrolled in Canadian universities this year.

Hundreds of thousands of Canadian young people are able to attend post-secondary institutions where they acquire the skills essential to become employable in our knowledge economy because of the \$1.3 billion available in student loans to subsidize the costs of their education. Canada has the highest percentage of youth with a post-secondary education of all the OECD countries.

In light of current and worsening skill shortages in the high-tech sector, does the opposition recommend that we cast off the Software Human Resources Council which works to increase the supply and quality of workers entering this rapidly growing area of labour force? Can we afford not to fund initiatives such as the Canada Foundation for Innovation which supports economic development in knowledge-intensive sectors? This partnership with the private sector, the provinces and universities is essential to rebuild the research infrastructure of Canada's universities and teaching hospitals.

• (1535)

I would ask the hon. member this. Would his party have us abandon the senior citizens of this country whose initial investments built those institutions and whose hard work has provided us with the high standard of living and the quality of life Canadians enjoy today?

Supply

Surely my colleagues on the other side of this Chamber recognize the moral responsibility, necessity and economic value of providing a source of financial stability and security for retired Canadians under the Canada pension plan. Demographic demands dictate that we secure the future of the CPP.

This government does not apologize for a single one of the many progressive social programs funded through federal tax dollars. Collectively they help define who Canadians are as a people. They shape the country we share, a nation that is the envy of the world.

Each of the worthy initiatives I have named is crucial to both Canada's social and economic stability. These investments in Canada's human capital are an invaluable investment in Canada's continued economic growth and social well-being.

Whether it is the employment insurance plan which helps workers who lose their jobs get back to work, the transitional jobs fund to create jobs in high unemployment areas, aboriginal strategic investments which improve aboriginal peoples' employability and create meaningful employment opportunities in aboriginal communities across Canada, or labour market development agreements with the provinces and territories that allow each region to tailor its active employment measures to respond to local priorities, these programs are making a real difference in the lives of individual Canadians and the overall welfare of our great nation.

Let me assure the House long gone are the days of passive income support. These are active, concrete measures that are getting people into the workforce, enabling them to provide for their families, giving them a reason to continue to believe in themselves, their country and the future.

Canadians are unequivocal in their insistence that we have a responsibility to look out for the most vulnerable. They tell us they want a Canada where parents are able to give their children what they need to flourish, a Canada where youth can find and keep rewarding work; a Canada where unemployed people can count on temporary assistance to tide them over until they get back on their feet; a Canada where Canadians feel secure and confident that the Canada pension plan will provide the income support they require to retire in dignity.

I ask the hon. member exactly who is it he would leave behind. What Canadian is not worthy of these fundamental human rights? Only when he is able to come up with the answer to that question should Parliament seriously consider this motion. Until then I urge all members of this House to focus our sights on the real priorities, continuing our balanced approach to fiscal accountability and social responsibility and ensuring that Canada will retain the title of number one nation in the world each and every year of the new millennium.

[*Translation*]

Mr. René Canuel (Matapédia—Matane, BQ): Madam Speaker, I was listening to my colleague's shopping list of groups in society to be considered. I agree. However, his good wishes do not reach the most remote rural areas, which are still suffering.

I do not necessarily agree that the debt should be paid as soon as possible, as the Reform Party often says, because if a family is in debt for example, it has to stay in debt for a while, unfortunately, so the children can eat and go to school. It is true it costs a lot, but the family will continue to pay off its debts for a few years.

My response to my colleague is "Yes, we are doing something, but we cannot do it that way". We want the money to be given back to the provinces through tax points or transfers. Who is in a better position to distribute the money? The provinces, of course. When I say provinces, sometimes it is the municipalities, but they have to go through the provinces.

• (1540)

What does the government do? It plans to put the Canadian flag on every cheque. It looks good. This is tantamount to buying votes. I would submit that anyone with compassion should not try to score political points on the backs of the less fortunate.

Why is it that, this year again, banks are posting billions of dollars in profits without anyone raising the alarm about this? Would they go bankrupt if these profits were taxed at a higher rate? No. In practical terms, this means that, in this country, instead of distributing wealth equitably, governments are letting the rich get richer as the poor get poorer.

In my riding of Matapédia—Matane, employment insurance is commonly referred to as poverty insurance, because many of my constituents will not qualify for it this year because they are 20, 30 or 40 hours short. People want to work. But because they have not accumulated enough hours to qualify for EI benefits, they are forced onto welfare and this is a blow to their dignity.

I have a question for my hon. colleague. I listened carefully to his remarks and some of them made sense. Could he not convince his colleagues to transfer this responsibility to the provinces so they can do as he suggested, but much more efficiently and cost-effectively, and by staying closer to the people?

[*English*]

Mr. Lynn Myers: Madam Speaker, I thank the hon. member opposite for the question. I, too, represent a rural area in Ontario and I think it is very important that we work on behalf of our rural residents along with small town Canada and, indeed, all residents of this great country. I think it is very important.

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The government, as members know, inherited an enormous debt and deficit when we took power in 1993. What we had to do in a short period of time was turn that around and make sure that our fiscal House was put in order.

We did that with remarkable speed in the great context of things. I think that speaks volumes about the ability of this government to do the right thing on behalf, not only of provinces, but all Canadians.

I think that is worthy of note. Once that is done, we can start to see where we can proceed in a way that is reasonable, measured and important. That is to start whittling away and reducing that accumulated debt to ensure that we make program reinvestments in a way that make sense not only for those of us here but for all Canadians on their behalf.

We need to start the process of looking at tax reductions in the forms that make sense for Canadians as well. It is important that we, as a federal government, do the right thing on behalf of all Canadians.

I would say that it is very important that the federal government, with its presence across this great land, do the kinds of things that Canadians not only want and need, but deserve.

Mr. Leon E. Benoit (Lakeland, Ref.): Madam Speaker, I will be sharing my time with the hon. member for Prince George—Bulkley Valley.

I am going to start by reading the motion again so that people who are commenting on the motion can really understand what motion is being debated today. The motion reads:

That this House condemns the government for imperilling the economic and social security of Canadians with their reckless commitment to dramatically increase spending, at a time when the average family's share of federal debt is approaching \$80,000 and Canada has the highest personal income taxes in the G-7.

Some of the basic information in this motion has been refuted by members opposite. The information sources, in fact, mostly come from the government itself. It is kind of hard to understand why it is doing that. It is a little difficult indeed.

What I am going to do is talk about the four fiscal areas that have to be dealt with before this fiscal mess that we find ourselves in in this country can be dealt with.

• (1545)

The first is the deficit. The second is the chronically high levels of government spending. The third is the high level of debt that we have in this country. The fourth is the chronically high and increasing tax levels that we have. We have to deal with all four areas before we can solve the fiscal problems that we have.

Starting with the deficit, the balanced budget, we will have a balanced budget this year, no doubt. I think the Liberals should

receive some credit for that. It is important we recognize that this government will be the first government in 25 years that has had a balanced budget. It deserves some credit for that. I am going to look a little bit later at how it arrived at this balanced budget. I think that is important.

I wonder what would have happened had we had the New Democratic Party as the opposition over the past four years. We would have had at least as high a deficit as was in place when the Liberals took government in 1993.

What if the Conservatives had been the opposition over these past four years? Then we would have had more of the same. If we look at the last 30 years, whether it was the Liberals governing with the Conservatives in opposition or the Conservatives governing with the Liberals in opposition, it really did not matter. We had ever growing deficits and we had this debt balloon to a level which is completely unmanageable.

It is really important to recognize that the real push for government to deal with the deficit came with the Reform Party as it was established first in 1987 and as we came to Ottawa in 1993. I give the government credit for being the government in place when the budget was balanced but it is important also to give Reform credit as being the force which nudged, prodded, pushed and cajoled this government into finally doing that.

Having a balanced budget only deals with one of the four key areas which have to be dealt with to solve this fiscal mess. The second is the high level of government spending, in fact overspending.

Interestingly enough, the Liberals have concentrated most of their speeches on how they are going to spend on all these very worthwhile causes. They are going to spend for this, spend for that. They have this program, they have that program. What about dealing with Canadians who really need help?

They are continuing. In fact they are returning to an increased pattern of overspending. That is pretty clear from what we have heard today. That is what is coming. Clearly the chronic overspending has not been dealt with.

The third area is the high level of debt, \$600 billion. That probably does not mean much to a lot of people. My wife and I have five children. Our share of that debt is approximately \$20,000 for each of us which amounts to \$140,000 that we have to add to the mortgage on our house, the mortgage on our farm and the other payments we have to make. We have to make payments to pay down this \$140,000 which is our portion of the debt. Because I earn probably higher than average income, our portion will be even higher than that.

What it means beyond that is that this government will spend more than \$45 billion this year just to make the interest payments

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on the debt. The Liberals talk about caring and spending on social programs. I would like them to respond to how spending this \$45 billion on interest payments is allowing more money for these important social programs.

• (1550)

It is a little difficult for me to understand. That \$45 billion is not available for any social program. It only goes to pay the interest on the debt. Clearly that part of the fiscal puzzle, the high level of debt, has not been dealt with and as a result too much of our hard earned tax money is going toward interest payments.

The fourth area is the one which I want to concentrate on. I want to put it in personal terms. I only use my family as an example because they are the people I know best. I care about them and I talk with them more than anybody else, quite frankly, about these issues. This area concerns the chronically high tax levels in this country.

Disposable income under this government since 1994 has decreased by \$3,000 for the average family. Yet the finance minister stands and with a straight face says "We have reduced taxes". Liberal math is really hard to figure out. That is a well documented fact. This and various other tax increases, which I will refer to in a bit of detail in a few minutes, have an impact on my family.

As I mentioned, I have five children. My oldest daughter is 20 years old. She is taking business management and is in her third year of university. She has worked to earn money for university and she has taken on a loan to help pay her way through university.

I have two sons who have just turned 18. They are identical twins. The member for Crowfoot is not the only Reform member who can proudly say that he has twins. My sons are in their first year of engineering at university. They are very fortunate that they earned enough in the summer to pay for their education. They work hard. They have trained for years to gain the ability to earn their way through university.

They started their own business. The work they do amazes me. They rebuild combine headers. Farmers will understand what that is. They completely rebuild old headers, paint them to make them look nice, make sure they are in good working shape and they sell them. They carry on this business. More and more they are coming to me to talk about the high rate of taxes, how taxes are affecting them already and how they will be affected by them far more in the future.

The most recent tax issue which they brought to my attention was the Canada pension plan premiums. Because they run their own business and are self-employed, they pay both the employee and employer portions of the Canada pension plan premiums. That means as their business earnings increase, probably by the time they get to their fourth year of university they will be paying the full premium rates for the Canada pension plan.

Each one of them will be paying close to \$3,300 in Canada pension plan premiums and for what? I have heard many Liberals say that it is for a secure retirement which will be guaranteed. The maximum amount they could ever hope to get out of that pension is \$8,800 a year.

This tax increase and other tax increases have had an incredibly negative impact on my family and on families across this country. That part of the fiscal puzzle has to be solved and it cannot be solved until we start lowering taxes.

Mr. Scott Brison (Kings—Hants, PC): Madam Speaker, earlier today the leader of the Reform Party said that it took 15 years for Canadians to wrestle this deficit monster and to beat it and he was absolutely right. It did take 15 years. And it took more than this Liberal government to beat the deficit; it also took a Conservative government.

• (1555)

I will quote from *The Economist*. It stated that much of the credit for deficit reduction in Canada comes from the passage of time and successful reforms earlier in the 1990s introduced by a Conservative government, including free trade which the members opposite fought, the GST which the members opposite fought, and the deregulation of the financial services industry, the deregulation in transportation, and the deregulation of energy, like the national energy program which when we eliminated it benefited western Canadians. The Reform Party should remember that and give credit where credit is due.

When I hear members of the Reform Party speak, there is always a certain amount of warmth because they usually refer to their own family situations. I think that is wonderful because I came from that kind of Ozzie and Harriet, Leave it to Beaver family as well. However I am not naive enough, like a lot of members of the Reform Party are, to assume that is typical of Canadians and that all Canadians are so fortunate.

The difference between the Reform Party and our party is that we care about all Canadians. We will continue to fight not just for the wealthy or for those who are privileged and have access to the economic levers and to bootstrap themselves out of poverty, but for all Canadians. That is why we propose in our party platform to raise personal exemptions to \$10,000 and to actually help the poorest of Canadians and not just the rich Canadians for whom the Reform Party would fight.

I would like to ask the Reform Party member a question relative to student debt. In 1993 eight students in Atlantic Canada had \$30,000 or more of student debt after a four year program. Today in 1998 there are over 900. What is the Reform Party's position on student debt? How would it address the student debt issue for young Canadians who are now looking to go into the 21st century

to compete on a global stage with over \$30,000 worth of student debt upon graduation?

Mr. Leon E. Benoit: Madam Speaker, before I get directly into answering the question, I will say that when the Conservatives were in government they did some good things. They put in place the free trade agreement. I guess that is about it, but there must have been some other good things, such as the GST and the Airbus deal. Those are pretty good things too.

Unbelievably the member began by saying that his party also beat up on the deficit. The Conservatives beat it up to \$43 billion a year, a record high. I do not know how that member can stand and somehow say that his government had anything to do with the fact that we at least have a balanced budget now. It is really hard to figure out.

The Conservatives talk about how they are caring and how they are not just concerned with those who have but also with those who have not. How have they shown that when they played a big role in driving that debt up to \$600 billion? Over \$45 billion is spent on interest payments on the debt alone. That is money that is not available to deal with those areas of concern to Canadians. We recognize there is a need out there. Therefore this is a little hard to understand.

Dealing with student debt is important. Having three children now in university and two more in about two or three years, it is important. The Liberals dealt with it by reducing transfers to the provinces for health and education by \$6 billion to \$7 billion a year as of this year and next year. That is how they dealt with it.

The first private member's bill the Leader of the Official Opposition tabled before this House was on how to deal with that student financing problem. It talked about things like making sure money is available, but making sure that it was going to be repaid, having income contingent repayment and so on. That is the importance we place on this issue. Our leader in his first private member's bill dealt with it. The member should read the bill.

• (1600)

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, as we approach a balanced budget in the next year we must be careful to let people know that we are not here to praise the Liberals today. In fact we are here to condemn the Liberals for their high taxation, for their reckless spending, and for the mismanagement of the country's finances. They helped to get us into this debt crisis in the first place.

The balanced budget that will be coming down, I have to add, was not achieved through prudent spending of the Liberals. It was not achieved through cutting back on their wasteful spending, cutting back in the areas of little need in which they doled out

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millions upon millions of dollars to their political friends and special interest groups. That is not how we reached this balanced budget.

We reached this balanced budget through Liberal policies on the backs of hard working Canadian taxpayers. That is how we are getting to this balanced budget, not through the cutting of wasteful spending like the Reformers have demanded since 1993.

While the Liberals like to crow about their balanced budget, telling us that they are the heroes of the country, they should thank the real heroes, the Canadian taxpayers who have made it possible to achieve a balanced budget, the overtaxed workers of the country.

The Liberals should give thanks for their balanced budget to the students who cannot afford to pay their tuitions, to the students who are facing having to pay incredibly high student loans because the Liberals have taxed education out of the reach of the average Canadian student.

The Liberals should give thanks to the businesses that cannot afford to hire because of the incredible payroll taxes the Liberals continue to hang on to. Those are the real heroes.

The Liberals should give thanks to the sick people, people who are on waiting lists for health care and surgery. That is whom the Liberals can thank for their balanced budget. They have cut back billions of dollars from health care. There are no hospital beds. There is no room in the surgeries to look after the needs of Canadians to get them to better health. That is whom the Liberals have to thank.

The Liberals should thank Canadian families who are just scraping by, who saw their disposable income reduced by \$2,000 to \$3,000 since the Liberals came into power. They are the real heroes of this balanced budget, not the Liberal Party.

How can the Liberals now talk about dedicating half of a projected fiscal dividend to new spending programs when we have just barely balanced the budget? How can they in all common sense talk about new spending programs as they have been doing?

Have they forgotten something? Have they forgotten that the country is \$600 billion in debt? Have they forgotten that there is about a \$45 billion a year interest charge on this debt? That \$45 billion is more than is spent on health care, education and old age security in a year; more than all of that. Our biggest expenditure is the interest charge on the national debt and the Liberals want to introduce more spending programs.

I find that absolutely astonishing and unbelievable. They are like kids in a candy store, just dying to spend more money. They are like spendaholics with a new credit card, just dying to go downtown and rack it up. That is what they are like.

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They have introduced more than 30 new spending programs in the last year. We will see more of them in the upcoming budget.

• (1605)

The government is celebrating like a recovered alcoholic would celebrate with a stiff drink. It would put us back on the ways that got us there in the first place. It is like running us over, getting out of the car, picking us up, throwing us down and backing over us again. That is what these new spending programs can be compared to.

The Liberals want to pursue them. They want to get those cheques going out to their friends like the former minister, Doug Young, in the maritimes. He is just waiting for those Liberals to loosen up those cheques. They have already done it.

The Liberals just do not get it. They got us into this mess. The Tories helped them with decades and decades of reckless, irresponsible spending. Now it looks like they want to do it over and over again.

Have they forgotten the taxation levels? They do not consider all these things. They think we are out of the woods but we are not. They are ready to fire up that spending engine again and go full blast down the road. Oh, yes, for the Liberals happy times are here again. They just cannot wait to be spending.

The budget may be balanced this year, but the Liberals are not the heroes. It is tax paying Canadians who have to be thanked. They are the real heroes.

Perhaps I could talk about some other little recognized heroes. It is the official opposition party, the Reform Party, that has been pushing the Liberals since 1993 to get the finances of the country under control. Now that they are just about there they want to take credit for it. No way. The Reform Party has been leading the pack to make the fiscal health of the country healthier.

We have been leading the charge and we have the plan. We have the alternative. It is called "Securing Your Future". The Liberals have it. They know it is a sound plan. It clearly spells out how to clean up the Liberal-Tory mess. We can distribute it after the debate today.

We have our priorities right. Our plans say that we should not start spending again. We should start paying down our debt. Our plans say we should not start new spending programs, that we should give tax relief to Canadians from the surtax and the blood sucking, insidious little bracket creep the Tories put in. I love that phrase.

Poor families today owe about \$78,000 each of the national debt. They are paying an incredible amount of their income tax to service that debt. The priorities have to be right.

Our plan says we need tax relief, not new spending programs. These are the right priorities. We say a dollar left in the hands of a taxpayer does far more good than sending that dollar in taxes to these Liberals in Ottawa. That is the right priority.

Our plan states clear priorities for responsible spending. Those are right priorities, not spending on ski resorts, golf courses or free flags on which the heritage minister would like to spend her money but spending on programs Canadians care about like health care and education. These programs were gutted by the Liberal administration.

Those are not only the right priorities. It is the compassion needed in the country today. It is the common sense to get priorities straight. The Liberals have none of this.

The official opposition calls for paying down the debt, controlling spending, lowering taxes, and reinvesting in health care and education. That is a good plan. That is common sense. We have listened to the people.

Across the country columnists and journalists in the economic field have looked at our plan and said that it is a quick reading of the public mood. It is a compelling plan. It will point the federal government in the right direction.

We will keep the pressure on the Liberals to go in the right direction. Day after day we will remind them of their past sins and tell them how they can repent and bring the country back to financial health. We will be here day after day.

We have to keep the country on the road to a strong, secure future. That is why we call our plan "Securing Your Future".

• (1610)

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Madam Speaker, I appreciate being recognized.

I am listening with great interest to the Reform Party members, in particular the member for Lakeland who tries to rewrite history in the name of the NDP. Whenever Reformers write history on behalf of the NDP they get it dead wrong, just like many of their principles and their philosophies.

I want to set the record straight and ask the member who just gave his speech a question or two.

If the NDP had governed in the last four years, let alone being the opposition, we probably would have had a similar situation in Canada to what we had in Saskatchewan. For example, from 1971 to 1982 we had 11 consecutive balanced and surplus budgets and no debt, the lowest tax rate in the country, a free dental plan for our children 18 years of age and under, and an almost free prescription drug program. It was one of the best places in the country to live.

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In 1982 the Reform cousins, the Conservatives in Saskatchewan who are now back to the Reform Party—they were Conservatives at that time—promised three things the Reform Party has promised. They promised less taxes, less government and more jobs. The people of Saskatchewan voted for Mr. Devine, the Reform Conservative in Saskatchewan, and they got less taxes, less government and more jobs not. They did not get that. They had higher taxes and increased government services. They gave away the assets. They bankrupted the province in nine years.

This Reform Party which bankrupted Saskatchewan in nine years under the Conservative banner is saying that NDPers are not very good governors. In 1991 the people of Saskatchewan kicked the bums out and re-elected an NDP government. Since 1992 there have been consecutive surplus budgets in Saskatchewan under the NDP.

What track record does the Reform Party have? It has a nine year track record in Saskatchewan of corruption, inefficiency, ineffective government, huge deficits and a 60 year debt to be paid off by the people of that province. It will take 60 years to pay off the Reform debt in Saskatchewan.

Just remember, members of the Reform Party promised less government, less taxes and more jobs. Their cousins in the Conservative Party are quite amused with the comment about how they are each fighting and bragging about “I supported the free trade agreement. I supported the GST”. They did and they are putting our country in very serious jeopardy. Ask any small business person.

I want to ask the member one question. They talk about eliminating equalization payments. The member for Dauphin—Swan River, a Reform member, does not agree with the Reform Party. He is a Reform member of Parliament and a former mayor of Dauphin, Manitoba. He says the leader of the opposition and his Reform Party have a screw loose when it comes to eliminating equalization because that is a leverage for small business and small communities in western Canada to create jobs and economic diversification.

I have a question for the member. Does he support the member for Dauphin—Swan River in his on-hands governing as mayor of the city of Dauphin before he got elected and used equalization to the benefit of the people of Dauphin? Does he agree with that member, or does he support his leader who says let’s trash the west, let’s trash the regions when it comes to economic diversification and eliminate equalization?

Mr. Dick Harris: Madam Speaker, I inform the NDP member that in our party democracy is alive and well. We can disagree with each other. We are not led around like little sheep with a noose in our nose. We can disagree if we want.

The member said if the NDP had been running the country or in the opposition it would have been like Saskatchewan with the

biggest out-migration of population of any province leaving the country. No. If they were the official opposition the country would be more like B.C. or Ontario under Bob Rae with out of control spending, out of control debt, corruption and dishonesty like we currently have in B.C. under Glen Clark, out of control ethics, dishonesty and corruption in our provincial government. That would be the scene in this Parliament if the NDP were in this spot here in official opposition.

• (1615)

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I will be sharing my time with the member for Ottawa—Vanier. It is a pleasure to respond to this motion. The motion contains a rather confusing reference to a reckless commitment by our government to dramatically increase spending. That is not unusual to hear from the opposite side which makes statements like that with no basis at all.

This is a highly speculative statement but at the risk of jumping to conclusions I assume it relates to the fact that our government is on the verge of delivering the first balanced federal budget in nearly 30 years and Reformers just cannot take hearing the facts. That is what it is.

We have our fiscal house in order, interest rates are low and our rate of inflation is among the lowest in the industrialized world. From a trade standpoint we have one of the most open economies in the world. We have an opportunity to build on this economic foundation to create a knowledge economy for the 21st century. We have the people, we have the institutions and we have the research excellence.

However, having such assets is not enough. We have to mobilize our resources toward the clear objective of being the best in a knowledge based economy. I will address this point shortly but first I will devote some time to a discussion of our achievements over the past four years which I am sure the opposition will want to hear.

After more than a decade of high deficits a balanced fiscal situation is in sight in Canada. We have achieved this by sticking to a rigorous deficit reduction plan that relies on the help and support of all Canadians from coast to coast, having budgets set and two years of planning to make sure we stay on target.

We all recognize that our fiscal progress is more than a federal effort. The Minister of Finance and the Prime Minister have repeatedly said this. It is a national effort supported by Canadians across this country. It relies on the efforts of every province and territory from coast to coast which has set a goal of returning us to full fiscal health.

The results are striking. With the provinces’ plans in place the total government deficit is expected to be eliminated by 1998-99, right on target. We have consistently hit all our deficit targets. In 1996-97 our deficit was \$8.9 billion, about \$20 billion lower than

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in 1995-96. Canada was the only G-7 country to be in a surplus on a federal financial requirement basis in 1996-97.

Our fiscal progress is so great that we are on the verge of a national debate, a debate that is happening here in the House. We often talk about what will be done with the surplus. We are on the brink of a post deficit era which was unimaginable four years ago.

Our government has not relied on across the board tax increases to hit its deficit targets. We have not relied on rosy forecasts. We are maintaining the same prudent approach we adopted from the beginning and it is starting to bear fruit.

Canada's inflation rate has gone from one of the highest among the G-7 economies to one of the lowest in the world with 1.5% annual inflation over the last four years. We outperformed the U.S. during this same period. Our interest rates are three points lower than they were in 1995 and Canada is poised to experience sustained economic growth. The OECD predicts that Canada will grow by 3.5% in 1998 and 3.3% in 1999, the best two year performance of any G-7 country.

But it is not enough to say that we are meeting our financial targets. Canada must also rise to the challenge and become a leader in the global knowledge based economy. Our government is investing in innovation and knowledge itself. We are targeting the knowledge based sectors where we are already strong and where the opportunity for growth is the highest.

• (1620)

This will spur job creation and sustain growth in our standard of living in the 21st century. We are helping to build a leading edge national system of innovation with programs like the Canada Foundation for Innovation. Our \$800 million investment will draw up to \$1.2 billion in additional public and private sector investments to create a total R and D investment of some \$2 billion over the next five years.

This fund will renew and expand research infrastructure at Canadian hospitals, colleges and universities. This will create better research infrastructure and facilities for researchers and students. It also ensures that our best and brightest stay in Canada to pursue their studies and careers. We are helping to bring new innovation to market with the Technology Partnerships Canada. We are making repayable investments at the commercial end of the R and D spectrum.

These are real investments where the government and the private sector share both the risks and the rewards. Investments to date have ranged from aerospace to environmental technologies. We are building on the success of the National Research Council's IRAP program to help small and medium size businesses develop and commercialize new technologies.

The Business Development Bank has been refocused to better meet the financial needs of innovation in small and medium size businesses. In a knowledge economy, the only true competition advantage lies in developing the brains and skills of our people.

The Canadian millennium scholarship fund will invest in economic excellence and provide thousands of scholarships to give young Canadians access to colleges and universities.

These are part of our efforts to prepare our society to meet the challenges of a knowledge based economy head on.

In closing, let me repeat that we have invested our money wisely. We have reined in the deficit and we will continue to wage our battle against the debt. We have made a firm commitment to ensure that all Canadians can benefit from the new economy.

For the hon. member to suggest that we are on the verge of reckless commitment to dramatically increase spending is utterly ridiculous. As far as I am concerned, the motion by the opposition today is political hogwash. The same party said just a few years ago that Canada was going bankrupt. The same party said that Canada was part of a third world nation.

The Reform Party needs to recognize the reality of the last four years. It needs to understand the challenges of tomorrow. Like this Liberal government, it needs to see the limitless potential we have before us as we move Canada into the 21st century.

[*Translation*]

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Madam Speaker, when I listen to my colleague opposite, he sounds just like the members beside us. We hear the most interesting things.

They talk about the fight to bring down the deficit. I will tell you how to go about ruining the social fabric. When all is said and done, yes, I agree that the deficit must be eliminated. Deficits are a drain on future generations. But it is all in how you go about it.

I have a question for my colleague across the way: How is it that our economy is doing so well right now? The indicators show that we are in a period of full economic growth. Businesses have been making record profits for a few years now. How is it that, with business doing so well, poverty is on the rise?

They wanted to reduce the deficit. The federal government has taken the easy way out and cut transfer payments. The provinces are then obliged to make cuts in the social fabric: health, education. Right now, there is unprecedented poverty. The worst is that it is a trend, and that is what worries me. While the economic indicators certainly look very good, it is a bit like Canada Dry: it looks like champagne, but it does not taste like it at all.

What worries me is that, instead of making cuts as the government has done or lowering taxes as others have done, we should be debating the issue, as the Bloc Québécois suggested at one point. If we are in a period of economic growth, that means there is money, there is wealth being created.

• (1625)

If wealth is being generated, why are we not able to get at it? I am alluding to tax increases, to ways of getting the money where it is, namely in the pockets of the wealthiest.

So, why is it that major corporations can take advantage of tax avoidance schemes, tax havens and all these sorts of things? Governments turn a deaf ear, and I feel that, all too often, they are puppets of the corporate world and of the wealthy. The government does not care about young students getting into debt, or about the poor. What is more worrisome are the new types of poverty currently found in our society. All this leaves a very bitter taste; the champagne has turned to vinegar.

I put the question to the hon. member opposite: How does he explain the fact that there is an ever widening gap between the rich and the poor?

[English]

Mr. Walt Lastewka: Madam Speaker, I am sure that the member opposite realizes that when this government took over from the previous government we were \$42 billion in debt. I am sure he realizes very clearly the amount of transfer cuts versus total spending cuts in the federal government. The federal government cut well over 14% of its own spending. It more important at that time to cut spending at the federal level in order to get our house in order.

I do not think the member needs to be reminded, but maybe so, where interest rates were and where they are today, where inflation was and where it is today.

Let us look at the number of times that investments have been put into companies in order to get jobs. There have been a number of jobs created, whether it be Technology Partnerships Canada, in research, in the Canada Foundation for Innovation with which I understand there has been some difficulty in Quebec with the Bloc and the PQ as far as making sure the scientists get the money. That will be resolved shortly I hope.

It is by putting money into these programs which has created the jobs to put more people off the poverty line and into earning a higher amount of money. That is how we get the economy going again.

Why are people saying outside of Canada, outside of North America, that Canada has been on the right course to develop its business plan to make sure that we will be having a better future?

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That is what is happening today. The member needs to understand that and needs to recognize that.

[Translation]

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Madam Speaker, our only reaction to today's opposition motion is a painful feeling of déjà vu, if not of reheated leftovers.

If memory serves me right, the same hon. member for Medicine Hat proposed something similar last fall. This must not be seen as admirable consistency in the opposition's concern for Canadians, but rather as an example of how the Reform Party refuses to admit that the people of Canada knew very well what they were doing when they brought our party back to power in last June's general election.

Although last year's Reform program, *Fork in the Road*, met with general public indifference throughout the country, these same people continue to take up the time of this House by calling for measures which Canadians have essentially rejected.

The truth is that Canadians are far smarter than the Official Opposition would care to admit. They know that the Reform Party is just trying to recycle a platform which repudiates a good number of the fundamental values and traditions on which this country was built. They know also that the results our government has obtained on the financial level leave them no other choice but to try to spread false ideas about how we govern and engage in scaremongering about the direction we want to take.

I am, however, convinced that Canadians are not as easily fooled as the opposition thinks they are. The June election results are proof of this, and our track record on deficit reduction and job creation demonstrates that Canadians made the right choice, in my opinion. They know we acted with determination over the past four years in order to put our finances in order.

• (1630)

They know that by doing so we have been true to the sense of balance underlying the Conservative ideology of the members of the opposition. They recognize that our plan for the upcoming budget surpluses, a balanced plan that will lead to a reduction in taxes and in the public debt and to investment in health and education, is the best choice for Canada's economic and social future.

As the motion before us today indicates, the Reform Party is trying to make believe that our government has already forgotten past lessons. This is not so. We were the first to note the economic effects of 27 years of deficit financing, the real measure of excess spending, and we do not want to expose the country to this scourge again.

That does not preclude, however, establishing priorities for our society and investing strategically and wisely for the future. We have certainly had to move carefully to achieve our financial

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objectives. We know that it has meant sacrifices for many. We are beginning to see the fruits of our investments and our efforts, efforts that should benefit all Canadians.

That is why this year we are allocating half of our budget surplus to improving social programs in Canada and the other half to reducing taxes and gradually repaying the public debt. That is what sets us apart from the right wing members across the way.

We on this side of the House believe in the role of government. We believe that it can help make our society a better and more equitable one. The best example of this is the tax policy pursued by our government as compared to the tax policy one might expect under a Reform administration.

Let us be quite clear. Taxes may be high in Canada, but that is the price Canadians have to pay for 25 years of accumulated federal deficit. That is why our government will be reducing taxes. The Minister of Finance let no room for doubt in this regard. We will see when the budget is tabled.

We however could not implement major tax cuts without immediately incurring another deficit with devastating effects or being forced to slash seniors, health, education and other important social programs. None of these options is acceptable to us, as they would nullify the social and economic progress we have worked so hard to achieve over the past four years.

Again, we are determined to ensure that tax reductions first benefit those Canadians who need it most, that is to say low income earners. That is why I am looking forward to the next budget. I would like to remind the House that one of the distinctive features of our previous budgets has been our commitment to ease the tax burden of the less fortunate. Our government is the one that has put a stop to rising taxes in Canada.

Think about it for a minute. Individual tax rates have not gone up in any of our last four budgets. In fact, the last two budgets did not include any tax increases. Instead, they offered selective tax cuts of immediate benefit to those whose needs are greatest.

There are \$850 million in tax cuts for over one million low-income families and their children, cuts for individuals making charitable contributions, for disabled Canadians, for students, for workers pursuing higher education, and for parents saving for their children's education.

In fact, some of these tax measures in favour of charitable organizations and registered education savings plans were suggested to us quite recently when we passed Bill C-28 at second reading.

Canadians also know that, in each of the last three years, we reduced EI premium rates in order to ease the burden of payroll taxes. We also lowered maximum insurable earnings.

We took all these measures in order to provide the public with real social benefits, while meeting our financial responsibilities.

• (1635)

This is not what Reformers would have done, at least I do not think so. Given the motion before us, they would prefer immediate and major tax decreases, for the benefit of the wealthy. It seems to me that tax fairness is a foreign concept to Reformers.

If the \$100,000 capital gains exemption had been eliminated under a Reform government, one wonders whether the deduction granted to corporations for meal and entertainment expenses would have been reduced to 50%. Would the tax rate of major corporations have been raised by 12.5%? Would Reformers have imposed a 12% surtax on the capital assets of banks and major deposit institutions? Did Canadians see our government take all of these measures? My constituents and those represented by all the members of this House have indeed seen our government take such measures.

When we amended the tax system, one of our priorities was to make it fairer, in order to spread the fiscal burden more equitably, and to ensure that every citizen and every business in Canada does their fair share to help reduce the deficit.

Fairness also guided us in implementing selective tax cuts. Indeed, it is only fair that the needy would be the first to benefit from government assistance.

Allow me to say it again for the benefit of the Reformers in this House: we do believe in fiscal responsibility. As members of the opposition, it is very easy for Reformers to advocate tax decreases across the board. However, we have done too much in the fight against the deficit and the debt to jeopardize the progress that has been achieved so far.

The fight to put our fiscal house back in order is not over yet. Victory is within reach, but now is not the time to rest on our laurels. We cannot eliminate overnight a tax burden fuelled by 25 years of deficits, and we must recognize and accept this reality.

These are the few comments I wanted to make concerning the opposition's motion. I feel it is extremely unrealistic to cut taxes as aggressively as suggested by the Reform Party.

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, I have just a short question for my Quebec colleague.

When he says there have been deficits for 25 years, and a debt has been accumulating for 25 years, it must be stated that for 16 or 17 of those years the Liberals were in power. They must admit it. It all started with Trudeau.

Second, since my colleague represents a Quebec riding, I trust that he has a bit of Quebec in his heart. I will therefore ask him a very simple little question and I would like to get a straight answer from him.

Both the Quebec government and the Bloc Québécois are demanding \$2 billion in compensation for the GST. Studies have been carried out, although the minister sometimes claims otherwise, and there ought to be \$2 billion in compensation. Is the hon. member prepared, since he comes from Quebec, to claim what is merely our due, for the people of his riding, and ours as well?

Mr. Mauril Bélanger: Mr. Speaker, I do not wish to give my colleague a lesson in geography. I am flattered that he thinks I am from Quebec. I must admit that although I was conceived in Quebec, I was born in Ontario, I live in Ontario and I represent a riding called Ottawa—Vanier.

In fact, I was born in a village called Mattawa. It is where the Speaker was born as well. It is in Ontario, and my riding of Ottawa—Vanier is definitely in Ontario.

A brief anecdote springs to mind. The day after my election in the February 1995 byelection, the *Globe and Mail* reported that the Liberals had won three byelections in Quebec.

• (1640)

So the hon. member is not the first one to make the mistake. I find it flattering to some extent, but I am very proud of my Ontario roots.

As regards accumulated deficits, I did indeed say that over the past 25 to 27 years successive governments have accumulated deficits such that in 1984, when the government changed, the accumulated debt, that is the accumulation of annual deficits, amounted to some \$180 billion. The responsibility for that rests indeed with the governments of those years, that is, from the early 1970s to 1984.

Between 1984 and 1993, the debt climbed from approximately \$180 billion to \$480 billion, and we inherited an annual deficit of \$42 billion. So, yes, preceding governments, including the one in power from 1984 to 1993, which more than doubled the debt in nine years, have to bear a share of the blame. So, as far as that goes, we are in agreement.

The errors of the past must be put right, and that is what this government has done. In four years, we have reduced the deficit from \$42 billion to zero perhaps this year, but certainly next year. We are in a surplus situation. That answers the first question.

As for the second, the one about the \$2 billion for the GST, I will answer that question with another. Will the member admit that the finance minister in the last Quebec government admitted officially that there is no claim for \$2 billion? Quebec's former finance

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minister, a Liberal, clearly said that there was no question of the Government of Canada owing the Government of Quebec \$2 billion for the GST. So, I am prepared to accept the responsibilities of past governments, and I hope my colleague will do likewise.

[English]

The 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 Churchill River—The Environment; the hon. member for Waterloo—Wellington—Literacy.

Now I am going to recognize the member for Fraser Valley. I am just wondering if he is going to give us 10 reasons like he does in question period.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I am tempted, but I will divide my time with the member for Wild Rose and we will each give 10 minutes on today's motion which was supplied by the Reform Party to the House for debate.

For those who have just now picked up the debate, we are dealing with the fact the Reform Party thinks that we should target any future surpluses toward paying down the debt and offering tax relief, and chastising the government for its plans to spend 50% of any new spending or any budgetary surplus on new spending.

That is the essence of two different visions on the economic side of what we would like to see in Canada. On the one side is the view of the government. The government says that the way to prosperity is to tax Canadians more, to spend more and not to be concerned about the debt. The debt will somehow look after itself.

The opposition view is that if we are fortunate enough to hit a surplus this year that the surplus should be divided equally between debt retirement, which of course offers some hope down the road, and tax relief which offers hope for today. Therefore, we are offering two different visions and that is what this debate is about today.

Even if we are in the next two, three or four weeks, given a budget that shows that we may hit a budget surplus, a good part of the credit for that is going to go to the Canadian people who unfortunately have seen a record number of some 37 Liberal tax increases since this government came in, a huge and growing surplus in the EI fund, cuts in transfer payments to provincial health care, education and so on. If it is going to be a balanced budget, the credit should go to the Canadian people themselves.

That being said, what do we do with a surplus. The Liberals again mentioned in their throne speech not one concrete proposal for debt reduction or tax relief but there are 31 new proposals for increased government spending. The Minister of Finance's economic statement has no concrete proposals for debt reduction or tax relief, but there are 10 pages of new spending proposals.

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In the finance committee's pre-budget report, it was weak in three different areas. Not one word is in there about how to achieve debt retirement targets or long term debt management strategy, which are hugely important items not only today but for our children and their children. There is a brief mention that certain tax relief measures will be examined or studied but there is no commitment that should happen.

• (1645)

There were a couple of recommendations from the finance committee that we would be pleased to support. They involved increasing personal and spousal amounts and removal of the 3% and 5% surtaxes on income.

Day after day we ask the minister if this is a direction he would be pleased to move in, would he please offer that hope for the Canadian people, and day after day we are told to just wait, that maybe the answer is coming in the budget and maybe it is not. It is a disease called spendicitis. It affects Liberal ministers of finance. It affects them somewhere deep inside. This spendicitis kind of puts a twist in them when they answer questions and they just cannot get out those words "I am a taxaholic, I suffer from spendicitis and I just cannot say the words tax relief". Something wells up in their throats. It is a sorry thing to have to watch but I hope one day that our current finance minister will get over it.

New ideas about spending more money by the Liberals are being floated in the newspapers these days. They seem to think that spending more money is the way. If spending more money, borrowing more money, taxing the Canadian taxpayers were the way to prosperity we would have so much prosperity in this country, so much employment, our dollar would be so high, people would not know what to do. They would be saying there is a chicken in every pot. Instead they say if there is a chicken in every pot, why is the taxpayer the one who keeps getting plucked? They do not know why there is not prosperity but the answer sits in the policies of the federal government: No tax relief, no debt retirement, no prospects of any of those things happening.

Why do governments keep introducing new taxes like the Liberals and the Tories before them have done? Why was the GST introduced? Why have there been so many increases from the other side? Why has bracket creep been allowed to happen? Bracket creep is not a minister of the crown who lives on that side. The bracket creep I am talking about is something that happens in the tax system when personal deductions are frozen so that any inflation that comes along eats into your disposable income.

It happens because the government has an insatiable appetite for our Canadian tax dollars. That is why the average family's disposable income has dropped \$3,000 since the Liberals took office. People probably do not even know that they spend more just

servicing the interest payments on the debt than they do on food and shelter, housing and health care. It is a sad situation. That is what debt does.

More than that, taxes and high debt hurt job creation. I do not understand the logic from that side that says do not worry about it, what is a little increase in the CPP? The little increase in the CPP means this at home. There was a little item in my local newspaper. School district 33 just found out that it has to pay \$170,000 more to service the CPP portion of its tax payroll. It says that three full time employees will be laid off in school district 33. By the year 2003 just the CPP portion will be \$700,000 for that little school district in Chilliwack. That money will either pay for teachers and other staff or it will pay for a payroll tax. It is a job killing payroll tax.

Worse than that is what it means for our children. I travel around many high schools, especially those in my riding. When I talk to the kids at the high school level they say "I do not know why I should really care about the underground economy, about getting something without paying tax. I do not worry about declaring my tips. Why should I worry if I can get paid under the table by a construction company?" They do not care because they do not think the government is handling their money wisely. It is a sad thing to see. What do you say to them? When you are standing up there as one of the law makers of the land to say "You cannot do what is illegal but you are trying to make ends meet", what do you say to them. You say "I sympathize with you but you have to find another way around it". The way to do it is to change the direction of the government.

• (1650)

We have to somewhere make that philosophical decision in this country on where are we going. Are we going to go for bigger governments, more taxes, rely on government spending to look after us or do we make that change soon that says "Government cannot do everything. If you would just leave me the money as a taxpayer I will hire people, I will create jobs, I will look after some of my own expenses. But if you are just going to take my money and spend it on things I never asked for, then I will not be part of that system".

In our area now there are people who speculate that in the housing industry alone—one of the few industries that is still doing well in my particular region—up to 25% of the entire construction industry is now done under the table. It is a shocking thing but that is what happens when people feel they are not getting a bang for their buck on their taxes.

What would Reform do? We say attack the debt now. This is the year when we make that division, that fork in the road, and we choose the one less travelled. This is the year. We take that road that says "Let's retire the debt. Let's pay it down now while we are still paying taxes in this House and taxpayers in this land that have

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run up the debt. Let us start paying it down. Let us give our children some hope for that". We want to hold the line on spending, eliminate the waste and then offer some tax relief.

In a document that we have put together called "Securing Your Future" we talk about not only where government should refocus its energies but also the kind of tax cuts that people can hang their hopes on: for example, tax relief for student loan interest, tax relief for capital gains so business people can have some hope, tax relief for families so that we can take home more of our money, tax relief for people trying to raise children. That is the kind of hope that people need. Retire the debt, offer some tax relief and do not ask the government to do everything. We will look after more of that ourselves.

That is the kind of future we could get with that choice in this next budgetary year.

The Speaker: I see there are two members rising. We have five minutes. I am going to take a minute for each question.

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I must congratulate the hon. member for Fraser Valley. He has a great turn of phrase with the word "spendicitis". But I must say that the Liberal Party has operated on that malaise called spendicitis since 1993. We have it completely and utterly under control.

I must also say that since he has a great turn of phrase there is an oxymoron that is like bitter-sweet. It must be bitter-sweet for the party opposite to know that we basically as they say have been nudged by them into controlling this wicked deficit that we inherited, \$42 billion a year. We have that under control. That is the bitter part for them to swallow because we have it under control. In this current budget we are going to propose we have designated 50%—

The Speaker: A minute is not a long time, is it. The hon. member for Fraser Valley.

Mr. Chuck Strahl: Mr. Speaker, I will try to answer in a minute.

I agree the Reform Party certainly has been championing the balanced budget idea for a long time. We would love to see balanced budget legislation to make sure it stays there, once it is there. We are not convinced it will, depending on who is in charge of holding the purse strings.

How has the budget been balanced? We have the highest income taxes in the land. Tax freedom day now is a full six months into the year. In British Columbia we spend 54%, our highest tax rate, just on personal income tax. Fifty-four per cent of income goes to income tax, plus the GST, plus the service charges. We have the highest taxes in the G-7. Canadians pay 56% higher income taxes than the average in the industrialized world.

We have to thank the Canadian people for balancing—

• (1655)

[*Translation*]

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, the hon. member talks a lot about lowering taxes. I have a short question and a comment for him.

If taxes are lowered by 1%, for example, it does not make a huge difference for a low income earner. However, the same 1% makes a noticeable difference for someone earning \$100,000. The end result of this is that the tax decrease will provide greater buying power to the rich. It will benefit the rich. This is my first point and I am curious to hear what the member has to say about it. I am not playing politics here.

Now, here is my question. The hon. member often says that governments spend too much. Does he not think we should try to get money from the wealthy?

[*English*]

Mr. Chuck Strahl: Mr. Speaker, I thank the member for the question. I take it in the non-partisan way it was offered to me.

What is the advantage to the wealthy? In a sense, the member is right. If you targeted your tax cuts for the wealthy, if you said only people making \$100,000 plus are going to get a tax break under the Reform plan, I would be quite concerned.

Our plan starts with the people at the bottom. We say let's increase the personal exemption. We would eliminate 1.2 million from the tax rolls altogether. Let's cut them off. Let's not make them pay any taxes. Right now a single mom with a child making \$15,000 a year pays \$1,360 in tax. They deserve to pay no tax whatsoever. Let those people have that money.

Increase that amount. Increase the spousal amount for those that are living together to raise a family. They are perhaps staying at home for a couple of years. Raise that spousal amount to match the personal exemption so that they get to not only take home more because of the increased personal exemption, but they get to keep more for their spouse to help them during the period they are raising the child. That is more for them.

Lowering the GST by 1 per cent helps every single person who is buying. If you are buying clothes for your family and you do not have to pay seven but six, it helps. It starts to lower the tax burden. You have to offer the right kind of tax relief. I think we have the right combination of help for entrepreneurs which will increase job opportunities, help for poor people by taking them off the tax rolls and leaving that money in their hands. The socially responsible thing to do is leave that money with the poorest of the poor.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I am really pleased to have the opportunity to speak to this motion which I thoroughly agree with. The hon. member for Renfrew—Nipis-

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sing—Pembroke sort of triggered my selection in the direction I was going to take on this.

I want to get right to the spending. He said the Liberal government has done an excellent job of getting it under control. My colleague from Fraser Valley pointed out something very important that I think we really ought to applaud. That is the taxpayers of this country have bent over backwards to help eliminate the deficit. They are the ones who did it. They are the ones who deserve the credit.

Now that they have accomplished this balanced budget, the least that we can do for Canadian taxpayers is say job well done, now we are going to concentrate on reducing the debt and giving you a much deserved tax relief.

The member talked about spending, that everything is under control. He must not be reading the public accounts. I just want to point out a couple of them. One of them will really interest you, Mr. Speaker.

I have only been here four years. If you look through the public accounts you see money being spent for a committee to discover all kinds of different ways to use blueberries to make good jam, good pudding or whatever, a committee that was struck by this government. That is just one example.

• (1700)

The one I am really intrigued with cost \$116,000. It is a committee the government put together to study seniors and sexuality. Old guys like us must really be appreciative of that kind of committee. Am I pleased that the government is willing to spend money like that to look after me and my sexuality. That is the kind of bragging the government ought to stand up and talk about.

Look at the public accounts. Look at all the stupid things the government spends money on. And the Liberals sit over there and brag. I hope there is one area where spending does not take place. I hope the Liberals do not have a bunch of money in each one of their budgets to pay chiropractors to help put their arms and shoulders back in place from trying to pat themselves on the back. They do not deserve a pat on the back. The kind of pat they deserve would be a lot lower than on the back, for the way they have spent this country into the situation it is in.

I know members have people coming to them with different complaints regarding this and that and one thing or another. Just the other day before we came back to this session, a fellow came to my office. He was absolutely displeased. He had received a raise. He was as angry as could be. We compared his paycheque before he got the raise. Guess what? He was taking home less money than he was before he got the raise. But guess who was getting more money? The Liberal Government of Canada was getting quite a bit

more, more in income tax because it put him up in a higher bracket, and a whole lot more in CPP.

That is the kind of thing these people are doing to Canadians who are trying to make ends meet. Canadians are getting angry and are wondering why the government is doing this to them. We have to stop this and the only way I know of is to kick those guys right out of those seats and put people over there who are willing to look after those kinds of issues because they are not.

Let us look at priorities. In my riding young married couples with one or two children have been evicted from their homes because they cannot pay the rent or they cannot make the mortgage payment. Yet if we look at their paycheques, some of them earn \$20,000, some less and some maybe more, but the amount of taxes is pathetic. The taxes would be enough to help them live in their homes.

In the meantime their kids, the wife or the husband might have dental problems but if they do not belong to a dental care plan they cannot think about going to a dentist because they cannot afford it. If one of them needs a pair of glasses, the best hope they have is to pick up a cheap pair at a drugstore rather than go to an optometrist because they cannot afford it. Yet the government can still take taxes and more taxes and smile at them. I do not see how they can be happy about what is happening.

Look at the prison guards. As prison critic I go around talking to the prison guards. They have not had a raise in nine years. There has not been a raise for our security guards, the people who clean our floors or our bus drivers. I am beginning to think that it might not be a good idea to give anybody a raise because it is only the government that will benefit. It means more taxes for the government. Maybe we should say to these people "We will give you a better deal. We will leave a lot more in your pockets rather than give you a whole bunch more money, because it will just be more for us". I wonder if they think about that.

And how is this for priorities in the prisons? If you are a prison inmate a dentist comes and takes care of your teeth. It does not cost the inmate anything. If he has an eye problem we supply him with glasses. Well good grief, they might even pay for a sex change. Let us do that for them. One of the inmates said to me "You know, it is not bad in here. I have not been cold, it is nice and warm. I get three good squares a day". We could go to many ridings and find lots of families who wished they could have three square meals a day but they cannot. They have a difficult time, unless they really like Kraft cheese dinners.

• (1705)

And the Liberals sit over there and pat themselves on the back and brag and boast and go to the press club or wherever else to celebrate their great and wonderful victories. But they have nothing to celebrate. They have a long way to go. They have

started. We have a balanced budget. That is great. Now let us start thinking about the other things that have to be taken care of.

Canadians had better soon see some relief. They have been supporting this idiotic way of running government for the last 30 years.

I am not a happy grandpa. I really fear for the future of my grandchildren. I wonder if anybody over there is listening and hearing what is being said. Do not pat yourselves on the back too hard.

The statements we hear from young people. They say "We will have to work for the rest of our lives never utilizing the CPP". They do not believe for a moment that it will be there. They do not believe the rhetoric they are hearing from the government that, boy, it is going to look after them. At the end of the day, after all of the CPP deductions have been made, which they cannot afford to pay because they might have to pay a dental bill or they might have to buy more food, they do not believe the CPP will be there.

They say "I am going to have to pay more and more taxes to help those who are retiring as the years go on". They feel like they are the ones in Canada who will be burdened with the whole load. Under this government's policies they are not wrong. They are not far from wrong at all. Under our plan we want this shared. I am willing to share in the debt load. I am willing to pay my part. I do not believe any members over there are willing and I can illustrate that.

I am proud to be one of 51 members of this House, along with five members from the Liberal Party and five members from the Bloc, who gave up the gold plated pension to save taxpayers \$30 million. I am proud to be part of that. At least it is something which we on this side of the House could do.

But there is not one of them over there who has the fortitude to stand today and say "Count me in. Do away with the gold plated pension". I applaud those over there who did and I condemn those who have not. Boy, that pension is going to look good to a lot of them. I sure hope they pat themselves hard on the back over that one.

Young people say "We will never have a life as good as our parents'. Our generation will never be better off than the past generation". They have no confidence whatsoever that can happen.

We can give them confidence if we start getting our priorities straight. The priorities are all wacky. The Liberal priorities are to make sure they cut lots of transfers to the provinces so health care and education will be a real problem. Boy, the provinces have struggled. I applaud those provinces that managed to balance their books a lot sooner than this government did. I applaud them. They are on the right track.

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If you want to get on the right track, take a look at our booklet "Securing Your Future". That is the right track.

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, I am on the Standing Committee on Finance. One of the things we heard when we travelled across Canada was that Canadians were happy with the balanced budget and that they wanted to see sustainability.

I hear an incredible mix from members of the Reform Party. They talk about the kind of tax measures they would like to see implemented. I also hear them talking about concerns for health care and education. My understanding is that it would cost around \$30 billion to achieve the things they are suggesting and that would grow by approximately \$4 billion a year.

How could you balance the budget given those kinds of spiralling costs? Are you willing to give up the kind of stability which we have offered the Canadian public?

The Speaker: All of the questions and answers should be directed through the Speaker, please. That is so you do not meet head on head.

• (1710)

Mr. Myron Thompson: Mr. Speaker, once again it goes right back to what we said earlier. Government has to get its priorities straight. It has to start considering what is actually taking place out there. Look at reality. Look at what we need to do for the people of this land.

Regarding travelling across the country with committees, I have seen this happen before. Travelling committees come to my territory in Alberta but guess who they meet with? Not the Canadian people. Not the average Joe. They meet with the selected crowds, the good old Liberals, the good old party supporters, the good old elite. No one in my riding has ever been interviewed by any travelling committee because they are just plain folks who work hard for their living. They have to spend a few hours a day earning an honest living.

That is the problem. Priorities. This whole idea of the government's wasteful spending being under control. But don't forget, your sexual life is looked after.

The Speaker: I know the hon. member was not referring to the Speaker.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I wanted to direct a brief question to the member through you. It deals with an item that came up last night on television and I am wondering how the Reform Party might respond.

In the last several years successive governments in this country have eliminated the social portion of Canada Mortgage and Hous-

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ing Corporation. Last night viewers apparently saw some of the results of that in the city of Calgary where there is admittedly a very successful economy at the moment. A number of people simply cannot afford to rent accommodations there. The shelters are stretched and bursting at the seams.

I do not quite equate the member's answer that this has dramatically increased spending. We do not have enough social spending in this country on things like that. I am wondering how the paper the member's party has been touting all day deals with those kinds of problems.

Mr. Myron Thompson: Mr. Speaker, once again, just talk about one of the priorities alone. I believe that we should make every effort and take whatever steps are necessary to see that we do what we can to help people get into proper homes and shelters. If they need it, that is going to happen. There is no doubt about it. Nobody denies that. Let us do what we can. That is a priority to me. Not only that, once we get them into a shelter, into a place where they can live, let us help them meet their needs the best they can.

If the Liberals would stop to analyse it, it might take a little time and be a little slow but the best way to do this is to get out of their pockets. Leave money in their pockets. Do not tax more to spend on programs. Leave it in their pockets. People will look after themselves. That is the whole point.

These socialists do not believe that Canadians are capable of looking after themselves. It is getting very difficult because they will not stay out of their pockets and it is time they did.

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, I am pleased to address the motion before us today. It is a motion that tries to question this government's good judgment and its commitment to Canadians.

Our hon. Reform colleague would have this House believe that the government is about to suddenly change course to embark on a reckless course of overspending, throwing away in effect all that Canadians have worked so hard to achieve. This is absolutely untrue.

An hon. member: A \$600 billion debt. That is what they worked so hard to achieve.

Mr. Murray Calder: I think the member for Medicine Hat is speaking through his hat.

An hon. member: Oh, that is funny.

Mr. Murray Calder: First, when we came to office, we set about putting our fiscal house in order. We did this because we knew that it was the essential foundation for lower interest rates and higher economic growth. That means jobs. That is exactly what we have achieved. We knew that without a fiscal turnaround we would never be in a position to pursue broader tax reduction.

• (1715)

In his first budget in February 1994, the Minister of Finance shared with Canadians this government's vision for the future and firmly stated how we would get there.

The Minister of Finance declared that we are pursuing a balanced approach to fundamental reform to create jobs, to continue to care for those in need and to get the deficit down. We have done that.

Our sound judgement, our balanced approach and prudent planning have secured important gains for Canadians, and it would be the furthest thing from the truth to suppose that this government would risk all that we have achieved together.

Let us look briefly at the achievements. As I said earlier, this government realized in 1993 that the key to a prosperous future for Canadians was getting Canada's books in order. Our prudent and balanced deficit control plan, centred on cutting government spending, has met its targets. In fact, we have exceeded them.

It is worth repeating the fundamental facts of our stewardship because it is our proven ability to keep our promises that should reassure Canadians that we will continue to keep them today and in the years ahead.

In 1993-94 the federal deficit stood at \$42.5 billion, or about 6% of our economy. We said that we would bring that down to 3% of GDP within three years. This is a benchmark that is used in Europe and is centred in the Maastricht treaty, and that we would not stop until the budget was balanced. We exceeded our own target on the timeframe of balancing the budget.

By last year, fiscal 1996-97, the final deficit figure was down to \$8.9 billion. That is 1.1% of GDP. That is \$20 billion lower than the previous year for the biggest year over year improvement in our history. At \$8.9 billion, it is the smallest federal deficit in 20 years.

In fact, we are now internally borrowing the money that we need. We are not borrowing internationally. There no more outside of the country credit leak, and it represent a resounding decline from some \$33 billion since we came to office. I think that is a very good record.

Contributing to this success have been the unprecedented spending restraint measures introduced in our budgets. Also contributing to our deficit success is the new expenditure management system that the government has put in place, a system on one hand that affords departments greater flexibility in budgeting while on the other hand forces tradeoffs and reins in spending.

Last year program spending, that is all government spending except interest payments on the debt, fell by more than \$7 billion to just under \$105 billion. This means that between 1993 and 1994 and the last fiscal year, total program spending has been reduced by

\$15.2 billion, and our deficit progress has delivered real and rewarding results for Canada.

Let us take a look at interest rates. About three years ago short term interest rates in Canada were almost 2.5 percentage points higher than those in the United States. By last fall, they were almost two points lower than what was in the United States.

• (1720)

This is not an abstract achievement. It has meant, for instance, that a homeowner taking out or renewing a \$100,000 mortgage for 25 years has saved \$3,300 a year. A consumer, for instance, taking out a \$10,000 car loan has saved \$320 a year. It gets better. Savings on a \$25,000 small business loan, the engine of our economy in this country, over 10 years would total \$7,500. That is a definite advantage for small business.

Figures like that clearly illustrate the real benefits that this government's sound judgment and balanced and prudent management has secured for Canadians. That means lower deficits and lower interest rates.

We all know interest rates will be affected by many factors such as domestic conditions which can change and many global influences which are beyond the control of even the largest economies. We have seen this very clearly recently as Canada has been buffeted by what everybody refers to as the Asian currency flu.

Imagine what would have happened to this country back in 1991, 1992 or even 1993 when we were running a \$42.5 billion deficit in this country with interest rates in double digits. It would have killed us as a country. However, through prudent management we got our country on line and within safe measures before something like that happened. It saved our bacon.

However, because our underlying economic fundamentals are now strong, as I have said before, we are in much better shape to meet this type of development than we were just a few years ago. That is why, despite the fact that our interest rates have increased, they are still below U.S. rates. That clearly shows that we have the right economic policies to weather the storm and to ensure that continued strong growth and job creation prevail.

Job creation is indeed another vital area in which we have made significant progress since coming to office. Between 1989 and 1993 some members in this House may recall that employment had dropped by over 100,000 jobs. Since this government has come to power, employment is up now by 1.1 million jobs. These are all in the private sector. Nearly nine out of ten of these jobs are full time.

Last December, for instance, employment increased by 62,000 jobs, contributing to a total employment growth of 363,000 jobs in 1997 as a whole. At 8.6%, December's unemployment rate, that is at the lowest level since September 1990.

Supply

The very real results of our second sound and balanced judgment in these three areas, the deficit, the interest rates and employment, are quite clear and, as far as I am concerned, very impressive.

There is more good news. The real GDP, the measure of economic growth, has risen by 4.1% in the third quarter of 1997. While the month to month figures can fluctuate, the growth has continued on average in the fourth quarter. In other words, it is an upward march. As a result, the consensus of the private sector forecast is that Canada's economy will continue to expand into 1998 and beyond.

• (1725)

Here is the type of evidence that backs up this outlook. Do not take my word here. Manufacturing shipments remain on an upward trend with the average growth for October and November running at about 5% and above on the third quarter. When the hon. member for Wild Rose asks about the dollar, that is one of the reasons. Because of that dollar our exports are very competitive. Merchandise exports increased by 1.5% in November and reached a record high.

Business investments have surged by some 25% over the past year and remain at a record high. Housing starts were up by 16% in 1997. Vehicle sales were up by 17.8%. Since its 6.6% plunge in late 1989 and late 1993, real disposable income has stabilized. Consumer confidence which declined by 6.9% between 1989 and 1993 has surged by 18% over the past year alone as the recovery has fully taken hold in the domestic economy. Consumer confidence has reached its highest level in eight years.

These are all very significant achievements but the real issue is what lies ahead. That is what we are talking about here today. According to the member for Medicine Hat what lies ahead is a 180 degree about face. He wants Canadians to believe that what lies ahead is a government prepared to abandon a course of balanced and sound prudent management that has brought Canadians the rewards that I have just described.

He wants Canadians to believe the government that is about to take this nation to a balanced budget in 1998-1999 is also a government that will take this nation back into the dark ages of overspending and deficit financing. That is absolutely wrong. This will not happen. We are not the party that changes its economic principles and political focus just for the sake of votes.

In the 1997 election I was the only one who stood at an all candidates debate and said if you want a tax cut vote for those guys, do not vote for me, and I am back. As the prime minister has said, we will never again allow the financial health of our country to get out of control. As the finance minister declared last October, responsible financial management is not a fad or a phase. It is a permanent feature of a successful society. These statements are the statements of the government that is going to take this nation into the next millennium financially healthy and strong.

Private Members' Business

The Speaker: I see five members rising but we have about 30 seconds. I do not think I could even get one of you in in 30 seconds.

It being 5.30 p.m., it is my duty to inform the House that proceedings on the motion have expired and the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

• (1730)

[English]

CHILD BENEFIT

The House resumed from November 19, 1997, consideration of the motion and of the amendment.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I rise today in this House in support of my colleague's motion requesting that the government review the level at which the child tax benefit is currently indexed.

I wish to congratulate the hon. member for Shefford for bringing such an important issue to this House. Campaign 2000 recently released its 1997 figures on child poverty and the figures are unbelievable.

There are 500,000 more children living in poverty today than in 1989, the same year that Parliament unanimously passed a resolution to achieve the goal of eliminating poverty among Canadian children by the year 2000.

One poor child is just one too many. What can we say about the 1.5 million currently living in poverty in this country? The figures tabulated by Campaign 2000 clearly indicate that the problem is increasingly alarming and must be attended to immediately. The situation demands that the government examine the child tax benefit and adjust it to better assist the children and families with incomes that fall under the low income cut off level, better known as the poverty line.

Poverty is more than just a lack of money. It affects a child's health, education, welfare and general well-being. On this I want to tell this House today that when I was mayor of Saint John I sat on the board of the Rotary Club for the Rotary boys and girls club. When we were having a breakfast meeting one day we heard a noise outside. I went out. Here was a little boy going through the garbage barrel. I said "What are you doing?" He said "I'm hungry".

I picked him up. I brought him in. We found out that there were a number of children attending an elementary school nearby the Rotary boys and girls club who went to school on a Monday morning with nothing to eat. We started a breakfast for them and

we had over 50 little children from that elementary school who came and we fed them their breakfast.

I also tell the House this. The Rotary boys and girls club every year would honour one of their very special people, someone they thought so much of they would make a little crown for them. Do you know who they gave the crown to, Mr. Speaker? It was a senior citizen who came and cooked for those children. She became their nanny and they loved her so much.

You see, it is so important. It was affecting, according to the teachers, their level of learning because they were hungry.

The Canadian School Boards Association believes "The relationship between child poverty and its adverse affect upon children's readiness to learn and their ultimate success in school is well established".

Furthermore, the connections between child poverty and youth unemployment are tremendous. Our teenagers are our future: our teachers, our doctors, our plumbers, our electricians and prospective parents. If we are not able to break the poverty cycle in which they live today, it surely will be passed on to their children.

When poor children become adults they are less likely to find well paying jobs. Why? Because the children living in poverty do not have good health. They have a difficult time to learn. They are likely to miss school and are more likely to fall behind in high school as well. When all hopes and dreams vanish, they are more likely to drop out before graduating.

For governments this situation translates into higher hospital and education costs and more spending on social assistance programs. It also represents less tax revenue to Canada. At the end of the day we all pay the price.

Let us not forget that children are poor because their parents are poor. These parents need secure and better paying jobs to allow them to meet their financial obligations and to provide their families with safe and adequate housing, to provide meals, warm clothing and an overall healthy environment conducive to their development.

Having a little bit of money at the end of the month may also mean that children will no longer miss birthday parties, school trips, or get involved with sports.

• (1735)

Mr. Speaker, I have just painted for you the sad picture of child poverty. Now let me tell you what we can do to help.

Improving the level at which the child tax benefit is indexed could go a long way against the devastating effects of child poverty. This assistance program is not a luxury but a necessity for many Canadian families. Sadly, the benefit's value keeps decreasing every year due to inflation and, although the inflation rate has remained below 3% in recent years, it has fluctuated enough to affect poor and low income families.

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Food, as I have stated, clothes and rent cost more. Back east they cost much more because the HST is applied to little children's clothing. These things cost more, but these families do not get more money to pay for them.

To survive parents must make choices. They must make difficult choices. I must admit that some make the wrong choices.

I urge all members of the House to vote in favour of my colleague's motion. Both she and I realize that simply increasing payments will not solve the problem. Unfortunately, the issue of poverty is too serious and complex to be disposed of so easily. We must seize the opportunity and make use of the tools which are available to us.

I want to quote another member of this House who said "Poverty is the enemy of a good start". That was said by the current prime minister, and he was indeed right. I encourage all members of this House, especially members on the government side, to support the motion of my colleague from Shefford. Let us give our children a good start. When the prime minister said "Poverty is the enemy of a good start", yes, he was right. I agree with him. I am hoping that everyone in this House does.

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, I rise in the House today to speak against Private Member's Motion No. 198 regarding the indexation of the child tax benefit.

I acknowledge and am proud that this government is now on sound economic footing. This stability has been attained through reworking government priorities and maintaining good fiscal management.

Throughout the pre-budget hearings in the fall it was brought to the attention of the Standing Committee on Finance that this good news was achieved at a cost; a social cost in some cases.

This motion calls for a review of the level at which the child tax benefit is indexed.

On the face of it the motion sounds plausible. However, there are some compelling reasons why, after giving it thought, it cannot go forward.

First, income tax has been and will continue to be reviewed to make strategic adjustments.

Second, there is a trigger. The Income Tax Act states that the child tax benefit will be indexed each year by the amount which the annual change in the consumer price index exceeds 3%. This policy of partial indexation is consistent with the treatment of most other parameters of the personal tax system and is respectful of the fiscal problems which are facing the federal government.

Third, there is the option available in the Income Tax Act, as it now stands, to allow discretionary adjustments to the child tax benefit as needed.

Finally, this government is committed to listening to the people's request to make strategic investments.

For these reasons I would have to ask the question: Why, when this government has shown commitments to low and middle income families and to combating child poverty, would the member opposite suggest a review? I can only assume that the change the member is calling for is for that of full indexation of the child tax benefit.

The current policy of partial indexation in the tax system applies to the basic personal credit, spousal credit, tax bracket and others. For this reason it would be difficult to go to full indexing for some parameters and not for others. As the member opposite mentioned, there are not poor children, but poor families, and I believe this needs to be looked at in a holistic manner.

The full indexation of the child tax benefit in other parameters would mean a cost of about \$850 million per year. On a cumulative scale, this would mean \$1.7 billion a year, and so on. The full indexation of the child tax benefit alone would mean, with the inflation rate of 1.6% per year, a cost of about \$160 million a year, and would keep building.

• (1740)

This type of yearly commitment is not one which would be withdrawn once it was made. This commitment would threaten the government's program to restore and maintain fiscal balance and would therefore not be prudent at this time.

This government has stated that it will review its policy of partial indexation once its fiscal position makes it appropriate. In the meantime, government policy has been strategic and targeted to assistance in priority areas, like families.

Although the government has maintained its position on partial indexing, it has made related adjustments to address the needs of low and middle income families. This government has made and will make improvements to the child tax benefit. This includes an increase of \$850 million in assistance provided to low income families through child tax benefit implemented over the past two budgets.

We have promised a further enrichment of child benefits of the same magnitude during this current mandate. This is just one of many initiatives that this government has made. These actions demonstrate that assistance to families, particularly aimed at low and modest income levels, is and will continue to be a priority for this government.

Throughout the prebudget hearings we heard from Canadians. Canadians are looking to this government for leadership. They are relying on the delivery of policies that are sustainable and funding that will endure.

Canadians asked for strategic reinvestment in programs. The government is answering this request slowly and carefully. Have we done enough? No, not yet. Can we do more? Yes, we can and we

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will. However, this government cannot and will not put Canadians at the risk of bankruptcy as past governments have done.

This motion deals with exactly the type of uncalculated economic commitment which made this government's corrective fiscal actions a necessity.

Although child poverty is on the mind of almost every member in this House, regardless of party, this is not the step to take and I believe this is not the time to take it.

Mr. Eric Lowther (Calgary Centre, Ref.): Madam Speaker, I appreciate the opportunity to speak to this motion. I believe it is important for us to understand what this motion is attempting to do so we can speak to it intelligently.

Clearly the child tax benefit that has been in place since 1984 has had a regime which requires a 3% adjustment for inflation on an annual basis. If we do not have that 3% increase in inflation, there is no adjustment to the child tax credit.

What we have noticed with that is that there is a double whammy here actually for Canadians. First, if someone's income goes up at about the rate of inflation, 1% or 2%, they are now in a higher dollar bracket with no real additional spending power. Therefore, their child tax benefit is actually reduced. Over and above that, the child tax benefit is also not indexed with inflation and therefore the buying power of it is also lower each year. Because we do not adjust this unless the inflation rate is over 3%, there has been a slippage over the last 12 years in the value to Canadian families of the child tax benefit.

As the member opposite alluded to, the real buying power loss of those Canadian families who have participated in this over that 12 year period is about a \$900 million shortfall in the benefits that are paid out under this program when it is adjusted for inflation. If it had kept in step with inflation, there would be \$900 million more available for Canadian families.

The member said that we cannot afford to do this because we have to balance the budget. It is interesting that we would prioritize drawing these funds on the backs of Canadian families to balance the budget. I am suggesting there is probably quite a few other lower priorities that should be looked at first.

• (1745)

The key point is that there is a continual ratcheting down effect so that the benefit to Canadian families continues to drop. The winner is the federal government in that the program to which it has been committed is there for Canadian families and continues to cost it less and less even though its tax revenues continue to increase. It is one small example of the beginnings of many

incremental pressures on the backs of Canadian families for some time.

I refer to the outcome of the incremental ratcheting effect of the pressures on Canadian families. It is interesting to note—and some members in the previous debate made reference to it—that the average Canadian family has suffered a \$3,000 drop in real income since the current government took office in 1993. It is this subtle, tax by stealth approach that has eroded the real income of Canadian families.

For example, in 1996 Statistics Canada said that the average Canadian family spent \$21,000 on a combined tax bill and only \$17,000 on food, clothing and shelter. It is time to stop the kind of thinking which says let us take a dollar from a Canadian and give it to the government. Then the bureaucracy and the overhead involved in it take a portion of the dollar and some fraction of the dollar in benefit is given back to Canadians. Our approach in this party is that it is best to leave the full dollar in the pockets of the Canadian family.

There have been many comments made about some of the government's programs and the rhetoric surrounding the concern for children. I was glad the member who just spoke acknowledged that it was not children in poverty but the family. The best way to care for the children is within the family. I appreciate that comment and I concur with it. We must make sure our policies are not blind to the fact that children are dependants within. They are not entities.

The value of the family cannot be understated. The mothers and fathers are raising our next generation, our future Canadians. They are the ones who teach them right from wrong. They are the ones who pass on our culture. Within a family we learn the subtleties of human relationships and personal sacrifice and how to get along with one another. It is a critical institution. It is the foundation of our society.

I quote from the United Nations General Assembly which said some years back that the family was a natural and fundamental unit of society and was entitled to protection by society and the state. The World Congress of Families in Prague last year said that the family was the first social unit and that it held primacy over all man-made communities, economic entities and governments. It also said that policies which undermined the family eroded the bedrock of society.

We have a number of special interest groups and people clamouring for more rights. This is going on while the mom, the dad and the kids are under attack. I liken it to having a nice home. The top floor is being renovated. A crew is fixing things and changing wallpaper. This is the people clamouring for more rights, the special interest group.

Unfortunately some of the policies in our current government has a demolition crew working on the foundation. All the effort to try to renovate the house on the top floor is for not when the foundation is being torn apart.

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One of the best examples I can use to illustrate this point is the fact that we have a discriminatory policy surrounding children and child care. We have had it for a number of years. We do not like to talk about discrimination in Canada. We think we are above that. Yet we have tolerated it for years when it comes to Canadian families.

• (1750)

Parents who wish to care for their children at home are given a subtle message by the government. There is no value in their doing that, but if they wish to have someone care for their child outside the home they will receive a full tax benefit. Or, if a third party cares for their children there is tax treatment for that. There is absolutely none for the parents who wish to care for their children at home.

It is not even a money issue to me although that is part of it. It is the subtle message to these parents, to these mothers or fathers who care for their children at home, that there is no value in what they are doing. It is absolutely the wrong message to be sending to Canadian families who are working so hard to raise our next generation.

That is why the Reform Party has long been calling for a child care deduction for all parents including those parents who care for their children at home. They should not be excluded so that the parent could make the choice. A number of studies have been conducted. One study done in Ontario quotes the fact that most parents believe that the best way to raise and care for children is with a parent at home.

With that in mind I bring forward other proposals Reform is encouraging the government to adopt in its upcoming budget. The government should consider a spousal deduction that would enable families to better support one of the spouses at home. It should begin a plan that would see any surplus applied to reducing the debt and reducing taxes.

We are very confident in our numbers. If the government were to follow our plan, by the year 2001 the average family of four in Canada could have \$2,000 in its pocket which it otherwise would have had to pay in the form of tax bills to the government. That would be \$2,000 in the pockets of Canadian families to take away some of the pressure they are under. We would encourage that approach.

We have other proposals. One is to take low income families right off the tax roll altogether. There is no sense in taking money from someone who is at a low income level and then trying to give them money back because government overhead takes much of that money away.

This motion is a tiny step in the right direction because it has compassion for families and children. We are not saying that it is

our whole program or that it is even part of our program, but it is a step in the right direction that recognizes the importance of families and some of the inequities they have been dealt by the current government.

Without a doubt the Canadian family is part of the foundation of society. It is the commitment of the Reform Party to do everything possible in the days and years ahead in every act and bill we bring forward to strengthen and encourage the Canadian family in every way.

Mr. Bryon Wilfert (Oak Ridges, Lib.): Madam Speaker, the motion before us recommends that the federal government review the level at which the child benefit is indexed. I believe this is a laudable goal. The Government of Canada fully supports the broader goal of increasing assistance to families with children.

The government initiated a national system to prevent and reduce child poverty more effectively than ever before when it introduced the national child benefit system in the 1997 budget, scheduled to take effect on July 1, 1998. The system has been designed to co-ordinate child poverty programs across Canada and to provide additional assistance to low income families working to provide for their children.

• (1755)

While programs have existed to assist low income families, the system has created disincentives and barriers to working. In the past when parents chose to leave social assistance and join the job market they lost badly needed social services such as health, dental and prescription drug plans. This clearly is a disincentive and is not acceptable.

The national child benefit system is an enriched and improved federal child benefit which will complement provincial-territorial programs to provide more effective assistance for low income families. These services will be made available to all low income families, the working poor and those on social assistance. I applaud the objectives of the national child benefit system to prevent and reduce child poverty, to improve work incentives and to simplify administration.

Governments have clearly recognized there is a significant problem in terms of child poverty. It has increased about 50% since 1989. The motion before us asks for a feasibility study on indexing child tax benefits.

The difficulty is that the potential fiscal costs of such a measure cannot be supported at this time. The financial impact of the proposal with the current inflation rate of approximately 1.6% per annum would cost the federal government about \$160 million per year of indexation, that is \$160 million in the first fiscal year, \$320 million in the second and so on.

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The child tax benefit allows for partial indexation to help address the severe fiscal problems facing Canada. The policy applies broadly in the tax system to spousal credit, basic personal credit, tax brackets, et cetera.

It would be difficult to apply full indexing to some tax parameters and not to others. It is estimated that the cost would be about \$850 million per year. This would have a major impact on the government's ability to restore fiscal balance.

The government, however, has made a commitment to review the policy of partial indexation once it is in a fiscal position to do so. In the meantime, the government has made it clear that it is targeting additional assistance in priority areas.

The prime minister stated in June 1997 that the government will double spending aimed at reducing child poverty once the government gets its fiscal house in order. He stated "We would like to double the funding when we have the means".

The 1997 budget created a child tax benefit at a cost of \$850 million. Since July 1997, over 720,000 low income working families have received increased benefits as a result of restructuring and enrichment of the working income supplement.

Maximum benefits increased from \$500 per family to \$605 for the first child, \$450 for the second child and \$350 for each additional child. For the lowest income families the increases in the child tax benefit represent a 50% increase in federal benefits. Starting July 1998 these benefits will be extended to all low income families as a result of the national child benefit system.

The federal government is assuming a larger role in providing basic income support to families with children. We are moving in the right direction. We are assuming our responsibilities.

We believe in a society that is compassionate and cares for the less fortunate. It is interesting to note that Campaign 2000, a non-government anti-poverty organization, has abandoned its goal for the elimination of child poverty by the end of the century. It is taking up the need for sound fiscal management and furthering the interests of children. In November 1997 it stated that the social policy community in Canada had a high stake in becoming public interest guardians of the fiscal stability of federal finances.

Campaign 2000 commended the government for being particularly articulate and passionate in its concerns for children. It went on to say that strong fiscal stabilizers are an essential part of a sustainable social investment strategy for children and youth.

The government has demonstrated that it is committed to this important issue. Ken Battle of the Canadian Institute of Social

Policy stated in February 1997 that a national child benefit system has the potential to be the most important social policy innovation since medicare.

The *Globe and Mail* stated in May 1997 that in difficult times it made sense to focus government generosity on those who most need it. The proposed child benefit is a good way to do it.

Yes, the government recognized the plight of those families that need support. The government has chosen to act, to demonstrate its commitment that this is a priority. A full review of the policy of partial indexation will take place once it is fiscally appropriate to do so. This is a commitment. This is our promise to the Canadian people. For those reasons, I cannot support the motion before us.

• (1800)

I believe I have demonstrated that this government is moving in the right direction, that it is the beginning of a process, not the end. We will see our obligations to the end.

[Translation]

Ms. Caroline St-Hilaire (Longueuil, BQ): Madam Speaker, I am pleased to rise today to speak in the debate on the motion of the member for Shefford on the indexing of the child benefit.

I would first like to congratulate the member for Shefford on her fine initiative. Clearly we must reduce child poverty now in any way we can.

I will start by saying that the Bloc will obviously be supporting this motion. Better yet, however, to ensure greater effectiveness, my colleague for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques proposed an amendment.

We are talking here of a relatively recent benefit, which dates from 1993. Before then, the main federal tax measures for children were the family allowance, the child tax credit and the dependent child credit. Under the Conservatives, the child tax benefit replaced these other measures.

The benefit is intended primarily to increase the income of less fortunate families and is therefore tied to family income. At this point in time, the federal government no longer universally recognizes children. Family policy and the fight against poverty are intertwined.

It is rather surprising to see today that roles have changed. At the time, the Liberal Party was sharply opposed to selective measures. In 1992, the Liberal member for Davenport stated in the House that universality is the work of the Liberal party, and something we still cherish today, as it is the best method. Might the Liberal party have had a change of heart, perhaps?

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The current deputy prime minister also criticized this measure, and I quote his words: "In fact, a family with a \$40,000 annual income will only receive \$44 more each year. Within three years, this benefit will be reduced by 10% and, in ten years, most families will no longer be receiving any assistance because this benefit is not indexed for inflation".

Once again, might the Liberal party have had a change of heart, perhaps?

In addition to objecting to this benefit because it abandoned the principle of universality and merely gave the illusion of devoting more money to children, the Liberals were opposed to it because the benefits were not indexed. The Conservative party appears to recognize some of the shortcomings of the child benefit by proposing to re-examine its level of indexing.

After several years of low inflation rates, the harmful effects of this measure are making themselves felt. Benefits are not increasing, but consumer prices are. In case the Liberals are not aware of this, in 1977 everything costs more than it did in 1993, whether it be housing, clothing or food.

While an attempt is now being made to make the necessary corrections in order to improve the child tax benefit, as was called for in part by the Liberals when they were in opposition, now they are the ones opposing it. I would remind the House that they are the only party in the House opposed to this motion.

All the opposition parties are unanimous on at least one point: this benefit should be indexed, for the sake of the children.

I must admit that I do not quite follow the logic of the Liberal Party. Why does this party, which claims to be concerned about the well-being of children, object to this motion? In its action plan and its speech from the Throne as well, it maintains that it is important to invest in children and in the fight against poverty. Fine promises and rhetoric are not enough. We want to see concrete action.

As we have heard time and time again in this House, children are poor because their parents are poor. Talk is cheap. Actions speak louder than words. With its 1.5 million children living in poverty, Canada ranks second among industrialized countries for the number of children living in poverty. Is that the Canada the Liberals want?

As far as we in the Bloc are concerned, this is clearly not the kind of system we want, let alone the kind of leaders we want for our children.

I am shocked to see that the Liberals are trying to make political hay at the expense of children when that serves their purposes and will not support a sensible motion to take positive steps. The well-being of children goes beyond partisanship.

• (1805)

The facts are there: since 1992, inflation has never been higher than 3%. What this means is that the value of the child tax benefit has been eroded by almost \$850 million. But what does this \$850 million really mean for the 1.5 million poor children in Canada. I am going to tell the House. It means that hundreds of thousands of children across Canada and Quebec go to school on an empty stomach, that they lack the concentration to really focus on what they are learning, and that they will fall ill more often than other children.

It is because inflation is under 3% that there is no price fluctuation? If you ask poor children to tell you what price fluctuation means, it is true they will not be able to tell you in so many words, not just because they have missed several days of school through illness, but because the concept is much too abstract for children.

Ask them, however, what rising prices mean. Now they will be able to tell you that that means their parents have trouble buying enough food for the whole family, that they have trouble buying the school supplies and clothing they need. In short, it means that Mom and Dad do not have enough money to provide for them. Ask these children to tell you about their daily reality. Then you will not say to me, as did the parliamentary secretary to the Minister of Finance, that it is impossible to index the child tax benefit, because it would cost the Canadian government too much, particularly when that same government has a budget surplus.

The 1997 Liberal Plan, a fairly recent document, says on page 58: "Research has proven consistently that investing in early support for families and children at risk yields real results.—By helping young children get off to a good start and preventing problems before they occur, these programs significantly decrease the need for far greater spending in future". This is not from me. It is taken from the Liberals' action plan.

In conclusion, I wish to remind you that the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques tabled an amendment, to make the motion even better. The amendment seeks to delete all of the words after the word "review" and substitute the following: "the possibility of fully indexing the child benefit", which gives the following motion: "That, in the opinion of the House, the government should review the possibility of fully indexing the child benefit". The purpose of this amendment is merely to reinforce the motion, not to change its meaning. I therefore urge hon. members to support the amendment and, of course, the motion as well.

Mr. Jean Dubé (Madawaska—Restigouche, PC): Madam Speaker, my colleague, the hon. member for Shefford, has presented a motion concerning a review of the level at which the national child benefit is indexed.

Private Members' Business

As the human resources development critic for the Progressive Conservative Party of Canada, I feel duty bound to defend children and the quality of life to which they have a right to aspire.

Let us recall briefly that the question of child poverty has been raised on a number of occasions in recent years. I was not an MP at the time, but I do recall this Parliament being unanimous in resolving the problem in 1989. There was a projection that child poverty would be eradicated by the year 2000. In 1989, one child in eight was considered poor. Now the figure is one in four. In some regions, this proportion might be one in three, and in others perhaps a bit higher.

Yet the principle is a simple one. Today we are working to get an economy working that will redistribute benefits to strata of society where people are less active in the work force, whether the young, the old, the sick, or those forced into inactivity by the economic context. If we do not focus on our children and provide them with a good quality of life, adequate health care and quality education, we will pay for it later. We will end up paying for not having invested in our most important resource, people.

• (1810)

First of all, families have the prime responsibility for raising their children. They must look after their development. They are our front line workers. However, as a government, we must give them support. We also share in the responsibility. Many of us are involved in looking after society's greatest investment, its children. Parents, federal, provincial and territorial governments and community and private agencies must join together to help those who come after us achieve their full potential.

I need not tell you that the experiences of our young people will shape their behaviour later on, that the living conditions we provide for them today will affect their future health and well-being and that their ability to learn and adapt is closely linked to the environment in which they grow up.

Another conclusion, which my colleague mentioned, seems relevant. If children are poor, it is because their parents are. Naturally, the best solution would be job creation. This would be the best way to eliminate child poverty.

I will not fall into a partisan speech on the merits of the Conservative approach to job creation, of reducing taxes and employment insurance premiums. Although no one has a monopoly on truth, I do know that we are proposing the most realistic way to put hope back into the hearts of Canadians.

Let us admit that these issues are closely linked, that it is difficult not to deal with all of them at the same time. There are poor children because there are parents who do not work, or who work in bad conditions. And bad working conditions stem from another problem I have not mentioned: education.

Investing in our children also depends very much on the framework in which they are given the chance to develop their skills. With everything moving ahead so rapidly nowadays, how can investing in education not be regarded as a priority?

If the technological evolution of the last 30 years is any indication of the next 30, investing in education is no longer a priority, but an obligation. If I mention education or employment when talking about child poverty, it is only because there is not just one solution to a problem such as poverty. A series of solutions implemented simultaneously might help. Taken singly, each solution would not solve the problem, but each has its importance and the whole would not work as well if one were missing.

There is one solution that would play an important role in the national benefit reform that has been announced. It is the only cash benefit that will be left once the federal program is inaugurated, hence its significance. Under the new distribution of government responsibilities, the central government's role would be to deliver the cheques. This money will constitute the only money coming in every month for many families, and in some cases would mean the difference between falling below the poverty line and managing to make ends meet.

Unfortunately, these benefits are only partially indexed, a policy that was set at a time of rampant inflation. Inflation is nibbling away at the benefits of people for whom every dollar counts. Now that inflation is stable, it is our duty as legislators to tailor the legislation to society.

For this reason, I support the motion of my colleague for a review of the level at which the child benefit is indexed. I encourage all members of this House to do so as well.

• (1815)

[English]

Mr. Ken Epp (Elk Island, Ref.): Madam Speaker, it is a delight to stand up in the House of Commons, Canada's Parliament, and speak on behalf of families.

I would like to draw to the attention of the House and any Canadians who happen to be listening that the Reform Party believes very strongly in protecting families and in protecting children.

There is a motion on the floor today to address the issue of family and child poverty. We of course are adamant in saying that children are probably universally poor. I know children of parents who are very well off but the children themselves do not have money. These children are poor because they are dependent on their parents. I think it would be certainly true that every child in Canada who is poor is poor because they are members of a poor family.

Private Members' Business

There are a number of reasons for this poverty and there are a number of different ways in which that poverty is measured.

I was reading the other day that different countries use different measures of poverty. In some countries a family is considered poor if it simply cannot afford 100% of the costs of basic food, clothing and shelter. In other words, everyone in the country should be entitled to those basic necessities. On the other hand in Canada we use varying definitions.

One that is often used is that families are poor if their family income is less than half of the median income, and so this provides a movable measure of poverty. Sometimes this is valid. Indeed we all know of families that are poor. We all know of children who are poor. We have encountered them. We have encountered families that have a great deal of difficulty and sometimes find it impossible for a number of different reasons to meet the basic necessities of their needs.

Yet we have also of course this flexible measurement because of the percentage it is based on so that in some cases one could really say that there are many people who are living on a very small amount of income but they do so very efficiently. By the measure of our normal standards of poverty they may classify as being in a poor home but as a matter of fact they are able to meet all their needs. They are comfortable, they are warm, they are fed and, most important, they are loved. Those children would not be classified as poor in the usual sense but they might by the statistical definition that they live in a family where the family income is less than half of the median income in the country.

I do not know whether I should be so bold as to say that I grew in what by today's standards would be called a poor family. We were talking about it the other day. We were talking about the great hardship that many families encountered because suddenly they had no electricity. I was telling a friend of mine that as best as I recall I was around 10 when we first got electricity. Of course the big difference between now and then was that at that time we did not have it, so therefore we made other arrangements for heating our home and for providing light. Those other arrangements were always in place.

But I was really genuinely in a poor family. My dad started farming in 1935 in Saskatchewan. I do not know if members heard about the big depression out in the prairies but things were very bleak. My family started farming and for several years did not get a crop. We raised a few chickens and a few animals and we were able to live.

• (1820)

We never thought of ourselves as poor. There was a strong relationship not only within our immediate family but also among the neighbours. We all shared. We looked after each other. When I

was a youngster we used to pile into the car, visit different neighbours and sometimes different relatives. We did not have a refrigerator so we took turns slaughtering animals for meat. One day it was this person's young heifer or a steer that got chopped up. We would all divide it up and 10 families would go away with meat for a week. The next week it went to another place and so on.

By today's standards we were living in total abject poverty. Yet we never thought of ourselves as poor. We were happy, we were loved, our parents got along well with each other and with everybody else. We enjoyed firm and loving discipline in our families and we never thought of ourselves as poor.

My mother told me one of my favourite toys was a lid from a syrup pail. I used drive around the House with that thing and push on it. That would be my horn, beep, beep. That is how we played. Those were our toys. I am very proud to announce that after I left home my father finally got on his financial feet. There may have been a correlation there. My parents are now in their mid eighties and doing very well.

We need to keep the idea of poverty in perspective. I really believe we need to help those who have genuine needs. We know they are there. However, I greatly resent that we are taxed so much in this country that we find our governments are taking away from us the joy of sharing. We no longer have enough disposable income that we can go to a person and say I see you are in need, let me help you get on your feet.

One of my favourite stories is of one of the most exciting events in my life. A number of us got together to buy not a new bed for their child but a new house. This guy came to me and said our rent is more than what I would have to pay per month if I could get into this low cost housing, but I cannot raise the down payment. I went away and thought that was a young couple we should be able to help. I got together with a bunch of my friends. None of us were very well off. I gave them the option of either giving an interest free loan or an outright gift. There were about 25 of us. We all kicked in anything from \$100 to \$1,000. We had the down payment for a house for this young couple. They eventually paid us back and they had their own house.

That was no government program but how many people can now afford to do that when the governments are spending half of our income for us? If they could only let us keep more of our income and cut the taxation then we could have families together.

There is no doubt in my mind that one of the greatest stresses in families is money. I also believe that one of the most important things for the security of children is to be in a secure home in which the marriage is strong. I am going to make that connection. If we can reduce the financial pressures on families, on couples, so there is less stress on the marriage, then the families will remain strong

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and our children will be wonderfully looked after by loving parents who care for them and who can provide for them.

We need to learn, as has been the topic all day today, that governments of all levels need to take as little as possible out of the pockets of the wage earners so they can have the pride and the dignity of providing for their own families. Enough of this crazy concept of taxing every family so heavily that both parents have to work, get two incomes and give half of their total income in taxes. Basically the income of one of the parents goes to pay taxes. Talk about shovelling wheat into the truck while the end-gate is open. It does not make any sense.

• (1825)

I believe we need to address the question of child poverty by addressing the question of family poverty. If we can address that and particularly make the contribution of reduced taxation to give these families financial independence, I think we will be on the way to solving the problem of child poverty because we have solved the problem of family poverty.

Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.): Madam Speaker, I appreciate the opportunity to speak today to this private member's motion which recommends that the government review the level at which the child tax benefit is indexed. In particular, I want to respond in the short time that is remaining in this debate, five minutes or so, directly to the hon. member's claims that were just made in this House moments ago. He points across our hall here in the House of Commons to say this government has to be doing something in order to help the family, in order to help child poverty.

I remind the hon. member that in just the last two budgets the federal government increased by \$850 million the assistance provided to low income families through the child tax benefit, \$850 million. It is a commitment that this government sees toward families, toward families in poverty, toward children in poverty, even though we are attempting to do exactly what the Reform Party wants this government to do, to take hold of our financial responsibilities in this country.

What else did we do? Since July 1997, over 720,000 low income working families have received increased benefits as a result of the restructuring and enrichment of the working income supplement. What does that mean in practical terms?

Maximum benefits increased from \$500 per family to \$605 for the first child, \$405 for the second child and \$330 for each additional child. That is a commitment by the federal government toward child poverty.

Next July these benefits will be extended to all low income families as a result of the establishment of the national child benefit system. It is a joint federal/provincial initiative. The national child benefit has three objectives. We are trying to prevent

and reduce child poverty, improve work incentives and simplify administration, three solid goals.

Under the national child benefit system the federal government will assume a larger role in providing basic income support to families with children.

For their part, the provinces and territories will be making corresponding reductions to the child component of their social assistance payments and reinvest all the savings in complementary programs and other benefits and services for low income families. Again, that is a commitment by the federal government of Canada toward child poverty.

For the lowest income families, the increases in the child tax benefit represent a 50 per cent increase in federal benefits. The federal government has promised a further enrichment of child benefits of the same magnitude during this mandate. We have promised that.

The hon. member opposite understands that. He has heard us say this time and time again. Selective memory, I suppose. You know, when in opposition, we oppose. No matter how good those government programs are, no matter how fiscally responsible the government opposite is, we have to piecemeal and pick out any opportunity we can to justify ourselves as an opposition.

Do you know why I can say that? Because I sat over there from 1988 to 1993. I understand the mentality of opposition. But there were times, even when I sat over there, that I applauded the federal government for initiatives it took between 1988 and 1993.

Most certainly there were not many of them. When you recognize that the federal government is doing a job for the people of Canada, especially when we are talking about low income and children in poverty, this government has been very successful to date for children.

ADJOURNMENT PROCEEDINGS

• (1830)

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

ENVIRONMENT

Mr. Rick Laliberte (Churchill River, NDP): Madam Speaker, on October 6, 1997 I asked the Minister of Environment about additional cuts to her department's mandate and staff. These cuts will affect up to 200 positions on top of the 1400 positions cut from the previous Liberal budgets. There was an apparent shortfall of \$8 million to \$10 million to meet the finance minister's deficit quota.

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The entire planet has realized that there are problems in our atmosphere yet the environment minister will be cutting the atmospheric environment program, a program that includes internationally recognized research, science and development. As a nation we are beginning a journey to reduce our greenhouse gas emissions to meet international obligations from Kyoto and to take steps to protect the atmosphere for our children and their children. How can the minister justify further cuts to the department that is so vital to understanding our atmosphere and climate change?

As my colleague from the Yukon described last fall, the weather for the Arctic will be forecast and broadcast from southern British Columbia. Will it take the loss of lives caught in a freak winter storm to bring the minister to her senses?

In my riding of Churchill River air services are a key component of our northern lives. We now rely on weather reports from as far away as Winnipeg. When will the cuts to weather services be stopped? Enough is enough.

The Environmental Protection Branch is also slated for further cuts. This is the very department which monitors most of the worst polluters in this country. It is responsible for waste management and risk management in the mining, chemical, pulp and paper sectors.

Not all companies are polluters, but to expect Canadians to believe this Liberal government and to tolerate the cuts to the very department which protects communities from the bad apples is asking a bit too much.

Voluntary, voluntary is what Canadians are told by the Liberal government as the best way for industry to monitor and police itself. Who is the Liberal government trying to protect? Is it the industry and its lobbyists or the health, safety and environment of all Canadians?

The decline in environmental services is felt right across this fine country. The big problem is not just the federal environment cuts. One must consider the added insult that many Canadians share. The provinces have been meeting deficit quotas as well and the environment departments are often the first to be sliced and diced.

Ontario has cut over 40% of its environment ministry since 1995. Staff levels have been reduced by 36%. Who is protecting the environment?

The Plastimet story reminded every Canadian that accidents can happen. The health and safety of Canadians is being compromised.

In my riding of Churchill River we experienced severe flooding last summer. Communities were not warned, properties were damaged and many lives were disrupted. I discovered that Environment Canada does not monitor rivers or possible flooding in my riding. It has been passed off to the province or to the private sector, or even partnered.

It is hard to keep track. There are so many different names but the story is the same. Cut, cut, cut. The deficit quotas must stop. With the deficit battle met and a balanced budget close at hand, will the minister stop the cuts and invest \$8 million to \$10 million in our children's sustainable future?

Mrs. Karen Kraft Sloan (Parliamentary Secretary to Minister of the Environment, Lib.): Madam Speaker, I would like to make note of the contribution that the hon. member from the opposition has made in his hard work as a new member on the environment committee. The House should also be aware that the member was a member of the Canadian delegation that went to Kyoto to discuss the very urgent issue of climate change. We are all aware of his very important and continued contributions to this House on the ecological agenda.

On behalf of the minister I would like to take the opportunity to clarify several points regarding Environment Canada's program review.

• (1835)

It was reported in the fall that this government had mandated new cuts to Environment Canada. That is not true. What is true is that Environment Canada announced to staff early last September that the department had to adjust its strategies for dealing with the 1996 budget reductions that will take effect on April 1, 1998.

The 1996 budget reductions are the result of program review two. The department's budget is reduced by 3.5% or \$17.2 million. Originally the department felt that about 70% of the reduction could be met through increased cost recovery.

While cost recovery revenues have been increasing, it is now clear that they will be insufficient to deal with the budget reduction in 1998-99. So the department is having to eliminate approximately 200 positions, as the member opposite has pointed out.

Environment Canada will endeavour, as best as it can, to enforce regulations to reduce pollution and protect wildlife, to set national standards and to issue weather warnings to protect the health and safety of all Canadians.

LITERACY

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Madam Speaker, prior to my election to the House of Commons, I was involved with adult education and adult literacy. It is an area of great interest to me and an ongoing concern. I know firsthand about the problems associated with the lack of literacy skills.

A recently released international adult literacy survey ranks Canada near the top of those who participated in that survey, yet

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more than 40% of adults or 7 million people in Canada do not have the literacy skills needed to function effectively at work or at home.

Canada still ranks near the top of the 12 countries which participated in the survey. Indeed, it ranks first among the English speaking countries, including the United States, Britain, Australia and New Zealand. However, this is not good enough.

People with lower literacy skills are more than twice as likely as those with mid range to high literacy skills to be unemployed. Clearly this needs to be changed. This is unacceptable and it has to be changed.

Literacy skills are necessary if Canada is going to keep pace with a rapidly changing workforce that expects more expertise from workers. This is more so as we go into the globalized markets.

Literacy skills are necessary to enable people to get meaningful employment. This is very important and it is part and parcel of Canada's inevitable march to globalization and the interconnectedness of the economies of the world.

Therefore, I call on the federal government to work closely with the provinces and other groups who want to improve the literacy skills of Canadians. The Canadian government must continue to develop and support more effective strategies in order to improve literacy levels.

Will the parliamentary secretary commit to this very worthwhile undertaking?

Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.): Madam Speaker, the member for Waterloo—Wellington has a very good question for us here this evening. I can offer what I think is an equally good answer for him.

On behalf of the Minister of Human Resources Development I can report that the Government of Canada places a high priority on literacy. This was reiterated in the February 1997 budget where the funding was increased in the national literacy program to \$29.3 million from \$7 million. Our commitment was also why on September 8 Senator Joyce Fairbairn was appointed as special adviser for literacy to the Minister of Human Resources Development.

HRDC and StatsCan released a report back on September 8 that the hon. member referred to which was the first of the international adult survey monogram series. The first report highlighted the strong literacy skills of Canada's youth which is the highest literacy score of all Canadians. HRDC supported this report as part of our commitment to understanding literacy issues better. It reinforces a serious literacy challenge that has profound social and economic implications faced by industrialized nations around the world.

I promise the hon. member for Waterloo—Wellington and other members of this House that this government will work in partnership to ensure Canadians have access to literacy skills. After all, this is a prerequisite for participation in an advanced economy.

[*Translation*]

The Acting Speaker (Ms. Thibeault): A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.40 p.m.)

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