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OFFICIAL REPORT
(HANSARD)

Wednesday, February 25, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Wednesday, February 25, 1998

The House met at 2 p.m.

Prayers

• (1400)

[*English*]

The Speaker: As is our practice on Wednesday we will now sing *O Canada*, and we will be led by the hon. member for Calgary East.

[*Editor's Note: Members sang the national anthem*]

STATEMENTS BY MEMBERS

[*English*]

NAGANO WINTER OLYMPICS

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, I wish to pay tribute to two young athletes from my riding of Cambridge who represented Canada at the Nagano Winter Olympics.

Luke Sauder, a six-year national downhill ski team member and a regular on the World Cup circuit, gave it his all for Canada in his trademark crazy Canuck style.

As a member of Canada's 5,000 metre short track relay skating team, Derrick Campbell helped bring Canada a gold medal in the last event of the Olympics.

On behalf of the constituents of Cambridge, I congratulate Derrick and Luke on their tremendous efforts. Their determination, pride and dignity are what made this Canada's greatest ever winter Olympic team.

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SASKATCHEWAN WINTER GAMES

Mr. Derrek Konrad (Prince Albert, Ref.): Mr. Speaker, I rise with considerable pride to speak about a set of games that are taking place in my hometown of Nipawin, Saskatchewan.

Nipawin is hosting the Saskatchewan winter games with athletes from all over the province competing. What makes these games remarkable is the gold medal performance of Nipawin itself.

While Nipawin is a town of only 4,800 people, there are 1,800 athletes, trainers and managers in town for the games, and an incredible 2,100 volunteers from Nipawin and area working in all facets of the games.

We look forward to some of the athletes competing this week to step up to the Olympic standard and carry on in the great Saskatchewan tradition of gold medalists Sandra Schmirler and her team, Catriona LeMay Doan, and silver medalist coach Shannon Miller from Melfort which is in my riding.

Way to go Nipawin. Way to go Saskatchewan athletes. Go for the gold.

* * *

THE BUDGET

Hon. Sheila Finestone (Mount Royal, Lib.): Mr. Speaker, as Canadians we have much to be proud of today. We have demonstrated that this federal government has a vision for tomorrow, a vision that is based on the well-being of its people.

It is a budget that addresses our children, our youth and our elderly. We have demonstrated a commitment for the protection of those most in need. We have developed a dynamic millennium project, an educational plan to ensure Canadians of a leading role in the new technological society. Our young people are going to be prepared for the future.

The benefits of this budget are broad and far reaching. It comes at a most appropriate time, as the Black Community Resource Centre in the Mount Royal riding celebrates its first anniversary and as we all celebrate black history month.

While we rejoice in the achievements of the black community across Canada, we are at the same time able to apply this budget to one of its important local endeavours in the interests of black youth and their future.

* * *

[*Translation*]

MCDONALD'S RESTAURANTS

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, McDonald's recently announced the closure of its restaurant in Saint-Hubert, thus throwing sixty or so employees out of work.

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The company claims the closure is justified by financial reasons. In reality, it is an obvious anti-union measure.

For a year now, McDonald's has been spending tens of thousands of dollars on lawyers and on public relations, using the biggest public relations firm in Canada, in order to trample the legitimate rights of some sixty young people who are working for minimum wage.

One of the young workers who lost his job for having tried to gain recognition of his rights summarized the situation very aptly "Just because we make hamburgers, that doesn't mean we don't deserve respect". Basically, McDonald's scandalous anti-union attitude is sending a clear message to young people, giving them a choice between exploitation and unemployment.

McDonald's says "You deserve a break today", but do its workers not also deserve a break?

* * *

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, many people and organizations have raised some very serious questions about Canada's involvement in negotiations on the multilateral agreement on investment.

I would like to congratulate the Minister of International Trade, who has announced that public consultations will be held on the draft agreement. He also stated that he had set ironclad conditions for Canada's signature, in areas such as health care, social programs, education, culture, aboriginal peoples, labour and environmental standards, and supply management.

The minister also pointed out that Canada would sign only when satisfied with the conditions set and the exemptions obtained, and would, if necessary, not sign at all.

This is an illustration of the government's sensitivity to the representations made to it, and offers an opportunity for the people and groups concerned to make their points of view known democratically within a public debate.

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[English]

THE BUDGET

Ms. Colleen Beaumier (Brampton West—Mississauga, Lib.): Mr. Speaker, congratulations to the Minister of Finance on his budget which underlines Canada's ongoing commitment to the land mine cause.

The Minister of Foreign Affairs in the interest of international social justice and humanity took the lead in having 123 countries sign the treaty banning anti-personnel land mines.

Once again a Liberal minister has made us proud. In yesterday's budget he announced we would provide \$100 million over the next five years to help meet the goals of the treaty, one of which has greatly expanded humanitarian assistance for land mine victims to help with their medical care and to help rebuild their lives.

I firmly believe that to sign and ratify this treaty was important but not enough. In order to make it meaningful and not just principles on paper, we had to put our money where our mouth was, and we did.

Canada continues to play a prominent role in promoting and strengthening humanitarian initiatives. I applaud the minister for enabling us to make a difference.

* * *

● (1405)

PRISONS

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I have spent much of the past four years touring prisons throughout this country.

Ms. Colleen Beaumier: Eating your way around the—

Miss Deborah Grey: That is not even cute.

Mr. Myron Thompson: These facilities provide convicts with three square meals a day, complete medical and dental care, big screen TVs, rumpus rooms, and now at Ferndale there is the possibility of a golf driving range.

Although it is good to see that a convicted murderer can reduce his handicap while behind bars, in the real world I have met hundreds of families that cannot provide the basic necessities for their children. Last week when I was at Drumheller Institution I met six inmates marinating a beautiful Alberta rib eye steak.

What I would like this government to explain to the needy children of this country is: why convicts eat steak when they cannot afford macaroni; why inmates get free education and the poor have to wait to win the millennium scholarship lottery; why a low income family cannot afford to take its children to the dentist, but the dentist will pay a house call to Millhaven; and why our seniors suffer from poor health but convicts can have a sex change on demand.

Tell me Liberal Party, what is wrong with this picture?

* * *

THE BUDGET

Ms. Susan Whelan (Essex, Lib.): Mr. Speaker, I congratulate the Minister of Finance. The 1998 budget will provide increased funding of more than \$400 million over the next three years to the granting councils which provide crucial support for our Canadian researchers, university professors and post-graduate students. By

2001 these budgets will be at their highest level ever in Canadian history.

All Canadians will benefit directly from this initiative. This increased investment in basic funded research to the Social Sciences and Humanities Research Council, the Natural Sciences and Engineering Research Council, and the Medical Research Council illustrates our government's serious commitment to transforming Canada into a strong knowledge based economy now and into the new millennium.

Yesterday Dr. Paul Davenport, the chairman of the Association of Universities and Colleges of Canada stated "The increased investment in research will help generate growth and jobs, create new products and processes and improve our ability to compete globally. This budget provides an excellent start if Canada is to close the research gap with its international competitors".

Now Canadian researchers, the best and brightest, can realize their dreams and fulfil their promise right here at home in Canada.

* * *

THE BUDGET

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, yesterday we were able to announce the end of the deficit. The finance minister rose to tell us that we have and will continue to balance the budget.

The budget reflects the priorities of my community of Guelph—Wellington. Ninety per cent of all taxpayers will receive a reduction in taxes. Eighty per cent of the budget is made up of education and health care. This is in keeping with what all Canadians have told us their priorities are.

The students of Guelph—Wellington will be helped. Transfer payments to the provinces will be increased and more money will go to research and development. I am especially pleased to see the contract payment system become mandatory.

This government has listened and acted. Thank you Guelph—Wellington and Canada for making this possible. Balancing the budget has not been easy, but with compassion and determination, together we have done it.

* * *

THE SENATE

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, Canadians, in particular Albertans, will be forgiven if they are sceptical about yesterday's budget promises. Only those with short memories have forgotten the Prime Minister's 1990 commitment that "the Liberal government in two years will make the Senate elected".

S. O. 31

This same Liberal leader can now boast the longest unbroken string of Senate patronage appointments in history. It is time to cut that string. Albertans are tired of waiting and they are demanding the right to choose their senators. After all it is their tax dollars he has used to fund this \$50 million a year patronage haven.

An Alberta senator has offered to resign his seat if the Prime Minister would appoint an elected senator. This mechanism is in place in Alberta and we can hold a vote as soon as there are municipal elections this fall. This Calgarian recognizes the need for an effective Senate and is willing to put his prized seat on the line.

When will the Prime Minister live up to his promise of an elected Senate?

* * *

[Translation]

IRAQ

Mrs. Monique Guay (Laurentides, BQ): It was with great relief that we learned, last weekend, of the agreement reached between Iraq and UN Secretary General Kofi Annan, which headed off the worst-case scenario of war.

The Bloc Quebecois has always been in favour of a diplomatic solution. Circumstances have proved it right. Not only is this agreement a victory for peace, but it is the best solution for the Iraqi people, who ask for one thing, and one thing only: to be able to live in peace.

• (1410)

The Bloc Quebecois is particularly pleased with the outcome of this crisis, because the UN victory has given a new breath of credibility to an institution that is essential to good world order.

In conclusion, in my own name and on behalf of my colleagues in the Bloc Quebecois, I wish to congratulate the man, the humanist and the great diplomat behind this agreement, Kofi Annan.

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[English]

THE BUDGET

Mr. Reg Alcock (Winnipeg South, Lib.): Mr. Speaker, yesterday the finance minister began by thanking the people of Canada for their hard work in bringing us to the historic budget that was announced yesterday.

Today I would like to add my thanks and mention specifically Katherine Kowalchuk, the president of the University of Manitoba Students Union, and the students at the University of Manitoba and students across the country who worked so hard with members of this House on the human resources development committee in drafting a series of recommendations. I am very pleased to say

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they were translated into statements in yesterday's budget, and shortly into laws in this House. [English]

Congratulations to the finance minister. Congratulations to students across this country for the hard work they have done in developing a system that will allow them to manage their debt.

* * *

BANKRUPTCY LEGISLATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, you might ask what a recent graduate in Regina who was forced into bankruptcy because of student loans has in common with the Minister of Finance. Neither of them believes yesterday's budget will really help students in debt.

Today I heard from a woman in Regina who was forced into bankruptcy largely due to cuts in education funding. She is one of the people the Minister of Finance claims to help in his budget.

But while the minister's speech was filled with rhetoric about the opportunity to learn, behind the scenes there are cynical plans to change bankruptcy legislation to protect the banks rather than students.

Students want to ask the Minister of Finance why he is sticking up for the banks at the expense of students by changing the bankruptcy legislation. Shame on the Minister of Finance.

* * *

[Translation]

THE BUDGET

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, yesterday, in his budget speech, the Minister of Finance announced an important measure for young Canadians that will help reduce the high level of student indebtedness.

Taxpayers who are repaying their student loans will receive assistance from the federal government. For instance, a student repaying a loan of \$25,000, or \$3,800 a year, will be entitled to a federal and provincial tax credit of \$530, representing 17% of the \$2,125 in interest.

This measure shows that the federal government is listening to young people struggling to repay student loans. Under no circumstances does our government wish to see student indebtedness jeopardizing the future of our young people.

This measure shows the Liberal government's desire to improve the quality of life of Canadian citizens, young people in particular, as they undertake or pursue job training.

ATLANTIC CANADA

Mr. Greg Thompson (Charlotte, PC): Mr. Speaker, not all Canadians are experiencing the economic prosperity the government loves to brag about. Many Atlantic Canadians are hurting and hurting badly. No place in Canada is hurting more than Atlantic Canada.

The Liberals did not get the message in last June's election. Regrettably they have not responded to the real needs of Atlantic Canadians. The numbers speak for themselves. There are record numbers of unemployed. Record numbers of Atlantic Canadians are moving to other parts of Canada and regrettably to other parts of the world to seek opportunities.

We are looking at a record high rate of unemployment in Atlantic Canada. The Liberals have done nothing about it since taking office. With their failure to respond they are crippling the economy of Atlantic Canada. But what else could we expect from a government that was elected with no plan for Atlantic Canada? Yesterday's budget reaffirms this.

* * *

[Translation]

THE BUDGET

Mr. Raymond Bonin (Nickel Belt, Lib.): Mr. Speaker, the Canadian government wants to create jobs for young people.

The finance minister's budget announced tax relief for those hiring young people. This measure was favourably received by young people looking for a job and wanting to get off to a good start in life.

This measure is part of a strategy to support youth employment. It consists of eliminating employment insurance premiums for employers who hire young people between the ages of 18 and 24, effective January 1999.

This age group is particularly vulnerable to more difficult economic situations. We hope this measure will put an end to the vicious cycle of young people unable to find work because they lack experience that they cannot acquire until they find work.

ORAL QUESTION PERIOD

• (1415)

[English]

THE BUDGET

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, what a disappointment. For the first time in a generation a

Oral Questions

Prime Minister could have charted a new course for our country. He could have set us on the path to debt reduction and tax relief but he blew it. Canada's debt: \$583 billion this year, \$583 billion next year, \$583 billion in the year 2000.

Why does debt reduction always come last with Liberal governments?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, for the Liberal government it is very important to note that the Leader of the Opposition in the last campaign promised to balance the budget by March 31, 1999. So he would not have even been able to talk about debt reduction at this moment.

The hon. Leader of the Opposition has come into this House many times and has always said we were not preoccupied by debt reduction and tax reduction. But I would like him to go to the budget book and on page 17 it says that with the programs—

The Speaker: The hon. Leader of the Opposition.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the government did not balance the budget; the taxpayers did. Over the next three years this government is going to take \$48 billion more in tax revenues out of the pockets of those taxpayers. It gives the taxpayers a pittance in tax relief and collects \$48 billion more in tax revenue.

Why do Canadians still pay the highest personal income taxes in the free world?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I know that he knows that that is not true. Anyone who reads a little bit about the economy of the world knows that that is not true.

To go back to the question of debt and taxes, it is in front of the hon. member's eyes on page 17. For the next four years it states what will happen, and it will not be as good as we would like it to be. Sixty percent of what will happen will go for tax reduction and debt reduction and 40% for new spending. Really, we have to go to 50:50.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, if I wanted the truth, I would not read out of that book.

Who got us into this mess? It was the spenders, the big Tory spenders, the big Liberal spenders who got us into this mess. Who got us out of this deficit? It was the savers. It was the taxpayers, the hardworking taxpayers. Yet in yesterday's budget, the surplus was given to the spenders and the taxpayers got little or nothing.

Why does the Prime Minister always at the end of the day reward the spenders rather than the taxpayers?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, turn to page 17. I am rewarding those who want tax relief and debt reduction. Yes, there is more revenue than expected because we had the right policies to make sure that the interest rates were

low and that our exports were very good. That is why Canadians are making more money and they keep more money, and of course they help us to balance the budget. It is as clear as that.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the Liberals have taken out the taxpayers' chequebook again. Just when we thought that taxpayers had some rights, just when we thought that the Prime Minister would do the responsible thing and start paying down the debt, he popped the cork on the spending champagne, and that is wrong. The tiny token tax cut was more than swallowed up by the CPP increases that they instituted at the beginning of this year.

We had a surplus yesterday. Just how is it that that surplus got sucked up so soon?

• (1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, they should know, according to the budget of yesterday, that the government will have paid back \$12 billion of market debt in 1997-98. This is the debt which we have to collect money to pay interest on. They should know that.

In fact, yes, we have balanced the books one year earlier than they were to do it. It is going to be balanced next year and the year after. At the same time we will continue to care for the people who need help in Canada.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the Prime Minister talks about paying down market debt. That is like bragging because I have paid off my Visa with my MasterCard.

Last year Canadians paid \$161 billion in taxes, including the huge CPP tax hikes. This year we will pay \$167 billion. By the turn of the century, in the year 2000, it will be going up to \$173 billion: \$161 billion, \$167 billion, \$173 billion. It is going up, up and away.

Just how is it that the Prime Minister can explain this is spelled tax relief?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is very painful for opposition members. They should relax a bit. It is a time to rejoice. We have balanced the books in Canada.

I would like to read a comment that will be appreciated by everybody in the House:

It does make it hard to criticize. It's a significant financial accomplishment. I am not going to argue a balanced budget isn't good.

That was stated in the *Calgary Herald* by a guy named—no, I cannot name his name—the member of Parliament for Medicine Hat.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, on February 21, Roy Romanow wrote the following to the Prime Minister: "The premiers unanimously agree that the federal

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government's top budget priority should be to increase funding for the Canada health and social transfer".

Will the Prime Minister acknowledge that, while the opportunity was there, the budget completely ignored the genuine needs of Canadians and Quebecers, as expressed in the unanimous request by the 10 premiers?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, yesterday in his speech, the Minister of Finance read the press release that followed the premiers' meeting in December. The premiers were telling us to look after students, by ensuring that their debt levels are reduced and helping them graduate from high school and university. That is what the premiers asked for.

We have listened to them and done what had to be done, that is, to ensure that young people in Canada and Quebec are better prepared for the 21st century.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Finance should have read the premiers' letter explaining their press release. He might have understood what they were asking for.

When the government made cuts to curb its deficit, transfer payments to the provinces were the hardest hit and this had an impact on the health and education systems across Canada and Quebec.

Now that budget surpluses are being generated, why did the Prime Minister make the deliberate choice not to give back the money stolen from the provinces, preferring instead to use this money to try to go down in history as the first Canadian government leader to—

The Speaker: The Right Hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I was happy to hear young Quebecers say, yesterday, they were pleased to see that the government got its priorities straight.

This has always been a concern of the federal government, but Bloc Quebecois members are not telling young Quebecers that the money for the grants and loans they are getting right now comes from transfer payments to the provinces and that this money comes from the federal government. And we have decided to give them more.

• (1425)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I guess we did not watch the same television channel, because we heard just the opposite on the news.

Mr. Gilles Duceppe: He was watching cartoons, as usual.

Mr. Yvan Loubier: Yesterday, the Minister of Finance delivered yet another budget full of hidden data. Jean-Luc Landry, the president of Bolton Tremblay, said that the minister was clearly hiding surpluses.

Given that the Minister of Finance was off by \$15 billion last year and by \$17 billion this year in his deficit forecasts, what does he have to say to this financial analyst who said, as we do, that the budget is again full of hidden data this year?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the fact that the Minister of Finance is doing better than he anticipated is not a big problem for the Prime Minister.

So much the better if people think the minister will do better in the coming year than he is predicting, because we all know that he is such a humble person.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, we are essentially being told that we have to be cautious.

If so, what does the finance minister have to say to Alain Dubuc, an editorial writer for *La Presse* who usually approves of his policies, but who said that, in this case, the minister is cautious to the point of deceit?

The Speaker: Dear colleagues, we all have to be more careful in our choice of words. The Minister of Finance may reply to the question.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is thanks to the cautiousness shown in yesterday's budget that we will tackle the debt, lower taxes and invest in our young people.

It is thanks to this cautiousness that we managed to balance the budget, that Canada experienced the most spectacular turnaround of all G-7 countries, and that we succeeded. We will continue to be cautious.

[English]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, less than a week ago the finance minister, coming out of the G-7, assured us that his budget would tackle unemployment. It turns out that he was being somewhat liberal with the truth. He jettisoned his jobs commitment while crossing the Atlantic Ocean.

With inflation below 1% we see firm targets for inflation. With unemployment still hovering around 9% we see no targets for jobs.

How can the finance minister take no responsibility for 1.4 million Canadians remaining unemployed well into the next millennium?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the economic policies of the government have been very good. We have created one million new jobs in the last four years.

In order to do that we had to have a good economy. To have low interest rates and job creation in the nation we need to do what we have done.

We have balanced our books. The economy of Canada is very competitive. That is the way to create jobs. That is why we agree that the main preoccupation of the government is to have a set of

Oral Questions

economic policies that will create jobs across the whole economy, not only put people—

The Speaker: The hon. leader of the New Democratic Party.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the finance minister has told Canadians that the hardest thing he ever had to do was cut health care. It is hard to believe this is the same finance minister who, despite a \$6.5 billion surplus, could not find one extra dollar this year for health care transfers. If he just kept his promise to spend 50% of the surplus on vital services, we could have shored up health care.

My question is for the Prime Minister. What happened to his promise?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the House of Commons is dealing with a bill which will increase by \$1.5 billion the floor for transfer payments to the provinces. It is a bill that the House has not voted on yet.

• (1430)

Even before the budget we had money for health care and transfer payments. It seems to me that the leader of the NDP does not follow very closely what is going on in the House.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, neither does the Prime Minister tell the whole story. Seven out of ten provinces, including Nova Scotia, will be cut in health care and education over the next few years.

The Prime Minister said in question period that you “should relax—. It is time to rejoice”. I wonder whether this is the message he is delivering to unemployed Canadians or to young children in poverty, more of them being in poverty since he was elected.

[*Translation*]

I would like to know what kind of logic the government is using to conclude that it cannot afford to reduce taxes, yet it found the money to spend on this new program.

Where is the logic in not cutting taxes?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, in the budget we announced several tax cuts, including the 3% surtax which the Conservatives implemented to lower a deficit that continued to grow.

The Minister of Finance has just removed that 3% and he has made other tax reductions for lower income people, because it is our belief that the first tax reductions must go, first and foremost, to those most in need of them.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, let us set the record straight. That 3% has not been removed. It is still there for the middle class, among others.

[*English*]

I would like to ask a precise question. In the budget documents the Prime Minister claims that a Canadian earning \$35,000 a year will get a total tax cut of \$450 over the next three years.

What he does not say is that the same Canadian will see his or her CPP premiums go up by \$574 over the same period. Only a Liberal would confuse a tax grab with a tax cut.

Could he explain to Canadians who are earning \$35,000 how they will get any relief at all?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I say to Canadians in that situation that the level of UI payments that were increased year after year by the Tories who charged up to \$3.30 are now down to \$2.70 this year, starting January 1.

We reduced it by \$1.4 billion. We reduced the increase of the Conservatives this year again, in a field where they showed what terrible managers they were.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I am duty bound to point out that the Conservatives supported the huge hike in CPP premiums in Bill C-2.

In the 1995, 1996 and 1997 budgets the finance minister claimed that the \$3 billion contingency fund would not be used for new spending. That is what he said. He said “The contingency reserve is not a source of funding for new policy initiatives”.

In yesterday’s budget the minister reneged on that promise and blew the entire contingency fund on new spending. Why should we believe the minister’s word today when he already—

The Speaker: The Minister of Finance.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I thank the hon. member for his statement. Last week we had the full monte. This week we have the true monte.

Let me simply point out that we did not use the contingency reserve for new spending. The reason we were able to bring in the first balanced budget in 30 years is that it was used to reduce the deficit.

• (1435)

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, now we are just waiting for a Paul that tells the truth.

Some hon. members: Oh, oh.

The Speaker: I would ask the hon. member to withdraw those words, please.

Oral Questions

Mr. Monte Solberg: Absolutely, Mr. Speaker. I withdraw.

The 1997 budget states “the contingency reserve is not a source of funding for new policy initiatives”. This just does not square with the actions of the government.

In fact, in this year’s budget the government spent the entire contingency fund on new spending and the whole debt repayment program is premised on the contingency fund going to debt.

How does he square his actions of yesterday with his words of today?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I think the hon. member should go back to the research department. Let me be very clear.

The contingency reserve was used to lower the deficit. In fact, it was used to eliminate the deficit. The spending in the budget for students to which the Reform Party objects and the spending in the budget for children in poor families to which the Reform Party objects did not come out of the contingency reserve.

I will explain it many times but I would hope I could get through just once.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Prime Minister has announced that Yves Landry, the president of Chrysler Canada, will be the chairman of the Canadian millennium scholarship fund.

My question is for the Prime Minister. When he approached Mr. Landry, did the Prime Minister tell him that this intervention in the field of education was raising hackles in Quebec and that everyone involved—students, the academic community and federalists and sovereignists alike—strongly opposed the federal government’s intrusion into an area of provincial jurisdiction?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I had the privilege and the pleasure of speaking with Mr. Landry, who understands very well, as we do on this side, the importance of investing in the future of young people throughout Canada, including Quebec. Education is the key to young people’s future.

Mr. Landry is highly respected and successful. He will do an excellent job as the chairman of this foundation, and young people across Canada will benefit.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, everyone respects Mr. Landry. We have little doubt of his interest in education.

However, did the Prime Minister—and this is my question—tell the new chairman of the Canadian millennium scholarship fund that the position he was appointing him to would put him between a rock and a hard place, that is, at the heart of a potential

federal-provincial battle, because no one in Quebec wants Ottawa involved in education?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I hope Mr. Landry will realize that Philippe Leclerc, the president of the Fédération étudiante collégiale du Québec, said this budget put young people’s priorities in the forefront.

I hope the hon. member will understand the remarks of Mario Dumont—who is not necessarily one of my greatest friends. He said: “Lucien Bouchard would really like the next election campaign to be run on the back of the federal government, but this attitude of confrontation whatever the cost could well end up penalizing students in Quebec”.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, with no change in taxation and a massive increase in CPP premiums, we see that yesterday’s budget provides absolutely nothing in the way of tax relief. Instead of offering real tax relief, the Minister of Finance chose to increase spending.

● (1440)

Why is the minister spending Canadians’ tax relief, when their disposable income and standard of living continue to drop?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the Reform Party critic seems to be saying that providing tax relief for single mothers is not a tax reduction.

They are saying that lowering taxes for 13 million middle class and disadvantaged Canadians is not a tax reduction. They are saying that helping students deduct their student loan interest is not a tax reduction.

We represent Canadians. I wonder who the Reform Party represents.

[English]

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, what this minister has represented is 36 tax increases, including the largest tax increase in Canadian history, bringing federal revenues up by \$46 billion from 1993 to 2000, a \$5,000 increase in revenues per family.

How can this minister claim this is a tax relief budget when revenues are going up, when taxes are going up, when bracket creep is taken into account, and the CPP? People will pay more, not less, after this budget.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us do a bit of economics 101. The government’s revenues are going up. Why are the government’s revenues going up? They are going up because there are a million more Canadians back at work. They are going up because Canadian corporations are making more profits, therefore they are paying more taxes and revenues are going up.

Oral Questions

Let me explain slowly to the Reform Party. When economic activity is good and when Canadians are going back to work and the economy is booming, then Canadians feel good, our revenues go up—

The Speaker: The hon. member for Lac-Saint-Jean.

[*Translation*]

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, despite the opposition of Quebec's educational community, despite the opposition of the Government of Quebec and the Liberal Party of Quebec and despite the serious reservations of all provincial ministers of education, the government has imposed its millennium scholarship fund.

Will the Minister of Finance acknowledge that his government's refusal to put money set aside for the millennium scholarship fund into existing provincial loan and bursary programs is intended not so much to help students as to make the federal government more visible to young people?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I think students are entitled to know where the money they receive comes from. That is their right. I do not think this is a great concern for the Bloc.

As we saw recently, the Quebec premier gave out cheques but failed to tell people that 90% of the money was provided by the federal government. It is time for people in Quebec, as in the rest of Canada, to know the truth.

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, we are talking about \$80 million out of \$600 million.

What is the Prime Minister's response to his colleague in human resources development who told journalists yesterday, and I quote: "The millennium fund is the best way for the federal government to increase its visibility"?

The government does not care about young people. What counts is visibility.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I think the minister is quite right. We want to help young Quebecers prepare for the 21st century. It is right for them to realize that there are advantages to being part of Canada rather than be told all sorts of things by the Bloc Québécois that have nothing to do with reality.

We think every Quebecer should know that the taxes they pay to the federal government give them something in return. They are going to know it in this case, you can be sure.

[*English*]

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, older Canadians waiting for news about the seniors benefit were disappointed in yesterday's budget. They thought they would

finally have some security. Instead they were shoved to the back of the line while the finance minister blew the surplus on big spending.

• (1445)

Why are the spenders moved to the head of the line while tax relief on retirement savings gets ignored?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I ask the hon. member are there no students, are there no people with disabilities, are there no seniors, are there no single mothers, are there no people in need in her riding?

Is her riding so choice that there are no Canadians who require help? Are there no Canadians who require equality of opportunity? Does she live in a riding where there are no poor, no middle class? If she does then she is lucky. That does not describe the entire country. We are going to stand—

The Speaker: The hon. member for Calgary—Nose Hill.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, I guess the finance minister forgot that two years ago he announced clawbacks in taxes of up to 75% on retirement savings.

Anxious older Canadians, unable to plan their retirement, have been waiting while this dithering, delaying finance minister fails to let them know the details of his so-called seniors benefit.

Why the delay? What is his excuse?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I said very clearly this year we will be bringing down the seniors benefit, and we will.

Let me tell members something that will not be in it. The Reform Party in one of its recent documents advocated a \$3 billion cut in old age pensions. Let it be very clear, that will not be in it.

What we have said is that we are going to protect those who require help. We are going to make sure that, with an aging population, this country can take care of its senior citizens. We are going to do in the future what we did in the past.

This government and the provinces saved the Canada pension plan. The Reform Party voted against it—

The Speaker: The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, my question is for the Minister of Finance.

The employment insurance fund surplus will have exceeded \$25 billion by the year 2000. A sizeable portion of that surplus was created by employment insurance cuts, or in other words savings at the expense of the unemployed. Twenty-five billion dollars, that is

Oral Questions

more or less the total budget for health, education and social assistance in Quebec.

Is the Minister of Finance not ashamed to restore Canada's financial health by the year 2000 at the expense of the unemployed, who are among the poorest members of society?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when we came to power, there was a \$6 billion deficit in the employment insurance fund. Since we have been in power, that shortfall has been eliminated.

When we came to power, unemployment insurance contributions were \$3.07. The Conservative Party had intended to raise them to \$3.30. We lowered them every year, and today they are down to \$2.66. That is a record we can be proud of.

* * *

[English]

ARMENIA

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

In consideration of the current political situation in Armenia and the pending elections on March 16, what is the minister prepared to do to ensure that the upcoming elections in Armenia are fair and democratic, and how will Canadian foreign policy promote bilateral economic co-operation between Canada and Armenia?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I thank the hon. member for his question.

We have agreed to supply a number of election observers to work through the organization for security and co-operation. It is also important to underline that just last year we signed a major trade agreement and a major foreign investment agreement with Armenia. We are negotiating a taxation agreement.

We want to reinforce those kinds of initiatives by inviting a number of high level visits between Armenians and Canadians, particularly in the business community, to promote our further relationships.

* * *

THE BUDGET

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, the largest tax increase of the year was not announced in yesterday's budget. It was announced late last year when the Liberals passed their huge CPP tax increase. Canadians felt the first instalment come out of their paycheques in January. The CPP tax increase will continue to balloon over the next three years.

• (1450)

In fact, it is part of the total tax grab of another \$48 billion that will have taken place by the year 2000.

How can the minister say he is cutting taxes when the government taxes this year will be at an all time high?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us simply take a look at the record. The fact of the matter is this year there was a \$1.4 billion cut in employment insurance premiums. In yesterday's budget we cut taxes for students, we cut taxes for single mothers and single families, we cut taxes for 13 million Canadians. In fact, 14 million Canadians saw a tax reduction. We eliminated for all those taxpayers earning \$50,000 or less the odious surtax imposed by the kissing cousins of the Reform Party.

The fact is a \$7 billion tax cut package was in yesterday's budget.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I can smell that odious thing right now.

Once upon a time there was a hope in this country that maybe, just maybe, once the budget was balanced there would be some prospect of significant tax relief. It was kind of like the faint hope clause for Canadian taxpayers.

But in this budget, when we add together the CPP increases, the bracket creep, the user fees, the hidden taxes, Canadians are paying more taxes now and in the future than ever before in history.

Why could the finance minister not find money for real tax relief but he could find money for another \$11 billion in new spending?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, which spending would the hon. member like to abolish? Is the help for students? Is it the help for the single mothers? Or would he like to perhaps take back the \$1.5 billion transfer we made to the provinces, the \$7 billion in transfers we are going to do over the next five years? Are those the things the hon. member would like to cut? Where are the hon. member's values?

This budget yesterday was about Canadians' needs and—

Some hon. members: Oh, oh.

The Speaker: Colleagues, like you, I am finding it a little difficult sometimes to get the whole debate. I know we are going to settle down a bit.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, the finance minister has said that the hardest thing he had to do was cut health care. He said he had to do this because of the deficit.

Health care across Canada is in a crisis. Now that he has the money, why did he put no new investment therefore into health care in the budget?

Oral Questions

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the largest single investment in this budget was the \$1.5 billion transfer to the provinces for health care. We have put \$134 million more into the Medical Research Council for medical research. We put a substantial amount of money into the national AIDS strategy. We put \$60 million into the blood agency.

What the hon. member ought to know is that 80% of all new spending in this budget went to health care and education.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, only a Liberal would give a person a dollar one day, pay the person a dollar the next day and say he got an increase. The reality is those transfer payments were not an increase.

In the news reports today the Minister of Veterans Affairs, Newfoundland's cabinet minister, has announced that the after-TAGS money will come from the \$3 billion contingency fund. Will the Minister of Finance confirm that this is the case and if it is the case, what is he also going to do for the west coast fishery?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, this government is very concerned with the problems of those who are involved in the fishery in Newfoundland. We have demonstrated in the past our great concern and it is obviously a matter to which this government has devoted its attention.

But I have stated in this House, and I will repeat, the contingency reserve will not be spent. It is one of the reasons that we were able to eliminate the deficit and it will not be spent.

• (1455)

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, yesterday Canadians were waiting to see this imaginary surplus. Instead they had to witness the tax and cut Liberals become the tax and spend Liberals. The surplus has disappeared.

The Minister of Finance may be able to hide the surplus from ordinary Canadians, but what he cannot hide is the Liberal contempt for the ordinary taxpayers of Canada.

Did the Minister of Finance hide this surplus simply to prevent his own caucus from spending it all?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I can well understand that the hon. member would not recognize a surplus if it hit him.

The fact is yesterday we brought down the first balanced budget in 30 years. We have projected three balanced budgets in a row and that would be the first time that has happened in 50 years.

Let us understand that is a very important thing for this country.

The leader of the Conservative Party has stated that deficits are not important. He has said that he would be prepared to cut taxes and see the country go back into debt.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, when we hear the finance minister talk about debt reduction he sounds like a used car dealer. No money down, no payments this year. That is his commitment to debt reduction. It is not a genuine commitment, and we know better.

Canadians are wondering what the Minister of Finance did with the \$3 billion reserve fund this year. The fact is he has already spent the \$3 billion reserve. Why should Canadians trust that the Minister of Finance will use that \$3 billion contingency in the future to pay down the debt when he has demonstrated that he will spend it every chance he gets?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I do not know where the hon. member has been. In our second budget the contingency reserve went to eliminating the deficit 100%. In our third budget it went to eliminating the deficit 100%. In our fourth budget it went to eliminating the deficit 100%.

We laid in place a plan which led to the elimination of the deficit. I can assure the House that it will lead to a substantial reduction in the debt burden of this country.

* * *

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, my question is for the Minister of Canadian Heritage.

For over two decades the Ottawa-Carleton Association for Persons with Developmental Disabilities has had a federal contract to securely shred classified information. Now it seems that the national archives might be ending this contract, leaving 61 people with developmental disabilities out of a job.

Is the minister prepared to take action to protect these jobs?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, I thank the hon. member for Nepean—Carleton and other hon. members, including the hon. members for Ottawa South, Ottawa West—Nepean, Ottawa—Vanier and a number of others who brought this matter to my attention.

I agree with them that these developmentally disabled people should continue to be employed by the federal government and I intend to take measures to make sure that happens.

*Points of Order***THE BUDGET**

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, after all the hype and the headlines what real change has this budget brought about?

Canadians still pay the highest personal income taxes in the free world. We still have a \$583 billion national debt, a second mortgage of \$77,000 per Canadian family. Government spending has never been higher in Canadian history.

It did not have to be this way. After all, we had a surplus.

Why did the finance minister blow this money on more spending instead of real tax relief and real debt reduction?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I would simply say to the hon. member is helping 13 million Canadians lower their taxes not tax real relief? Is helping single mothers not real tax relief? Is helping students not real tax relief?

What constituency is the hon. member talking about? Who is he worried about?

We made it very clear. We are going to cut personal taxes and we are going to start with low and middle income Canadians. We will get to his friends later.

* * *

• (1500)

PRESENCE IN THE GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of my brother Speaker from the Saskatchewan Legislative Assembly, Mr. Glenn Hagel.

Some hon. members: Hear, hear.

The Speaker: I am going to hear at least three points of order and I am going to begin with the hon. member for Yorkton—Melville.

* * *

POINTS OF ORDER*HANSARD*

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, many people look to *Hansard* as being a fairly accurate record of the proceedings of this House. I am not sure if this is a point of order or a point of privilege. I will allow you to judge that.

But I would like to point out to you that I have checked *Hansard* last week and this week just to see how the remarks that I have been making have come through.

Last week in the debate on C-4, remarks that I did not make were attributed to me in the *Hansard* record and yesterday, in looking

through this again, I note that I had an intervention. Following that intervention a response was made to what I had said by a Bloc member. None of that is recorded in here.

I bring that to your attention because I think there are many people out there that look to *Hansard* to be fairly accurate. I do not know what can be done about this, but I think it is something that should be looked into.

The Speaker: My colleague, I thank you for bringing that to my attention as you did earlier at the chair. If some error has been made I will see to it that (a) the *Hansard* blues are checked through and (b) we will refer to the audio which is on the television portion. If there is a correction to be made it will be made. It was inadvertent if it did happen.

On the same point of order, the hon. member for Langley—Abbotsford.

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, I would like to ask if you would bring the results of that back to this House. I have heard concerns of this before, not just from this member. We would like a report back to the House, please.

The Speaker: Of course we are going to check it and we will see where it is. If it is an error, I guess we make some errors, but we will try to cut down on them as much as we can.

We will have a look at the blues and the television tapes and if indeed that was on there, if it is necessary, I will report back to the House.

I am going to go to point of order from the hon. member for Edmonton North.

• (1505)

STATEMENTS BY MEMBERS

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, during Statements by Members today my colleague from Wild Rose said that he had spent the last four years touring around the country visiting prisons and then went on to make some comments about the prisons.

At that moment the member for Brampton West—Mississauga blurted out from her place “eating your way around the—” and then covered her mouth, realizing what she had said.

With regard to these vicious personal attacks, which are unnecessary, could she stand up and withdraw the comment?

The Speaker: In the heat of everything that was going on I did not hear the remarks. I do not know that they were made, but an hon. member has been named. The hon. member for Brampton West—Mississauga is here now. Perhaps she could clarify whether anything was said.

Routine Proceedings

Ms. Colleen Beaumier (Brampton West—Mississauga, Lib.): Mr. Speaker, instead of getting into a petty argument I would like to withdraw that comment.

[*Translation*]

ORAL QUESTION PERIOD

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, earlier today, during Oral Question Period, you asked a member to withdraw his statement suggesting that a minister had said things that were untrue. That is what you asked the hon. member for Medicine Hat to do, and he did.

However, claiming to be quoting from a newspaper, another member, in this case the hon. member for Saint-Hyacinthe—Bagot, said basically the same thing about the Minister of Finance, still alleging that the words were not his but those of the reporter.

Paragraph 487.(2) of *Beauchesne* clearly states:

487.(2) Words may not be used hypothetically or conditionally, if they are plainly intended to convey a direct imputation—

In other words, whether his words were used hypothetically or borrowed from someone else, the hon. member for Saint-Hyacinthe—Bagot does not have the right to use words the hon. member for Medicine Hat was forbidden to use, and rightly so.

So I suggest that you ask the hon. member for Saint-Hyacinthe—Bagot to withdraw the words he used in reference to the Minister of Finance.

The Speaker: Members, of course, cannot quote from another person who used words they are not allowed to use in this House. I sometimes miss a word here and there, and I missed those. It happens. The hon. member for Saint-Hyacinthe—Bagot is here. He was named.

Did he use a word suggesting that someone in this House lied?

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I simply read what Alain Dubuc wrote in the paper, namely that the Minister of Finance was so secretive about his budget, almost to the point of deception, or something to that effect. But it was a quote.

The Speaker: It is a very simple issue. As I said, we cannot use this word, even if it is from someone else, in this case a journalist. We cannot use someone else's words.

I would ask the hon. member to withdraw these words if he did use them.

Mr. Yvan Loubier: Mr. Speaker, while listening to you, I found the exact quote. I would not want to distort the statement made by Alain Dubuc, who is the editorial writer from *La Presse*. He wrote, yesterday, that "the minister is cautious to the point of becoming deceitful". And if you ask me—

The Speaker: Even if it is from Mr. Dubuc, we cannot say this. I am asking the hon. member to withdraw this comment.

Mr. Yvan Loubier: Mr. Speaker, I would not want to stir up controversy. We have better things to do. I withdraw these words. I could have replaced them by "Mr. Dubuc said—"

• (1510)

The Speaker: I thank the hon. member for his withdrawal. This is good enough for me.

ROUTINE PROCEEDINGS

[*Translation*]

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 three petitions.

* * *

[*English*]

CANADA-TAIWAN PARLIAMENTARY FRIENDSHIP GROUP

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, on behalf of the 73 all party members of the Canada-Taiwan Parliamentary Friendship Group I am pleased and honoured to table our first ever report, in both official languages, in the House of Commons.

The Deputy Speaker: The hon. member will know that this organization is not an official delegation and therefore he will require unanimous consent of the House to table any such document.

Is there unanimous consent for the hon. member to table this document?

Some hon. members: Agreed.

Mr. Paul Szabo: Mr. Speaker, this report on bilateral trade and cultural affairs was prepared by our delegation to Taiwan from January 11 to January 17, 1998. It has been adopted by our membership and approved to be tabled in the House.

* * *

PETITIONS

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, it is my honour to present a petition pursuant to Standing Order 36.

The petitioners from the city of Kamloops and surrounding communities are concerned about the government's decision to

Routine Proceedings

pursue the multilateral agreement on investment and are against the MAI on principle.

They ask parliament to urge the government not to sign it.

SENIORS BENEFITS

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I have a second petition on another matter to present.

The petitioners are from throughout central British Columbia. They are concerned about the government's seniors benefit package that will soon be coming to parliament.

They are worried that the clawback will penalize those Canadians who have provided for their retirement years while rewarding those who have not.

GOODS AND SERVICES TAX

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I have a third petition to present.

The petitioners indicate that if the government is to proceed with any form of tax reform, which we have just seen it is really not, it should be phasing out or phasing down the GST.

This would benefit all Canadians and put money into the hands of Canadians to stimulate their local economies.

GASOLINE PRICING

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am happy, on behalf of a great number of constituents in my riding, to present a petition this afternoon.

The petitioners believe that consumers in Canada are basically at the mercy of the pricing policies of oil companies. They therefore petition the Government of Canada to adopt legislation which would require gasoline companies to give 30 days written notice to the Minister of Natural Resources of an impending significant increase in the price of gasoline of over 1% of the current pump price per litre. Also the notice should contain the reason or reasons for the increase and when it will take effect.

RIGHT TO LIFE

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, pursuant to Standing Order 36 I have the privilege to present four petitions to the House.

In the first petition 40 citizens of my riding of Cambridge wish to draw to the attention of the House their concerns for the sanctity of life.

• (1515)

The petitioners pray and request that Parliament retain current provisions in the Criminal Code prohibiting assisted suicide and that Parliament not sanction the aiding of suicide or euthanasia.

HOUSING

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, in the second petition 25 concerned citizens in my riding call on Parliament to ask the minister responsible for Canada Mortgage and Housing Corporation to protect the future of housing co-operatives in Ontario.

The petitioners request that the minister only negotiate with his provincial counterpart under publicly declared principles established with input from co-operative housing stakeholders.

ABORTION

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, the next petition, which contains 130 signatures, calls on Parliament to enact legislation protecting health care providers from having to take part in abortions or in referrals for such procedures.

PUBLIC NUDITY

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, in the final petition over 500 citizens in my riding of Cambridge and surrounding areas draw to the attention of this House their concerns with the issue of nudity in public places.

The petitioners pray that Parliament clarify and reinforce the relevant sections of the Criminal Code to ensure that these laws will meet the reasonable limit test under the charter of rights and freedoms.

SENIORS BENEFIT

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I have three petitions to present to the House today pursuant to Standing Order 36.

The first one is a petition signed by many Canadians who are very concerned about the seniors benefit and are calling on the Parliament of Canada to undertake to review the entire retirement income system in Canada to ensure there is adequacy in the system today and tomorrow.

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, the second petition pursuant to Standing Order 36 is from a number of Canadians who are very concerned about the multilateral agreement on investment.

These Canadians are concerned that the House of Commons would be signing this without public debate. They are calling on the government and the House of Commons to debate this issue in the House publicly and to place the issue, if the Government of Canada decides to sign the MAI, before a national referendum for all the people of Canada to make that decision.

They are concerned about this because obviously the rights of Canadian citizens and the power of the Government of Canada would be greatly superseded by those foreign—

The Budget

The Deputy Speaker: Order. I know the hon. member will not want to make a speech on the presentation of petitions but comply with the rules and give a brief summary of the petition and perhaps the place where the petitioners are from, which I think the rules allow.

TAXATION

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I appreciate that advice. My final petition is pertaining to the tax system in Canada. These Canadians are very concerned about the unfair tax system and they are calling for fair tax reform.

EMERGENCY PERSONNEL

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

The petitioners draw to the attention of the House that police officers and firefighters are required to place their lives at risk on a daily basis and that employment benefits for them often do not provide sufficient compensation for the families of those who are killed in the line of duty.

They also state that the public mourns their loss when they are killed in the line of duty and wishes to support in a tangible way the surviving families in their time of need.

The petitioners therefore ask Parliament to establish a public safety officers compensation fund for the benefit of families of public safety officers killed in the line of duty.

* * *

[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 remaining questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

[English]

MOTIONS FOR PAPERS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I would ask you to be so kind as to call Motion No. 7 in the name of the hon. member for Brandon—Souris.

That an Order of the House do issue for copies of all plans, drawings, documents and proposals initiated by the Crown, or by others on behalf of the Crown, surrounding the

Health Canada study on the licensing of the bovine growth hormone drug (rBST) in Canada.

Mr. Peter Adams: Mr. Speaker, it is acceptable to the government except for the documents which cannot be released pursuant to the Access to Information Act. These documents are tabled immediately.

[Translation]

The Deputy Speaker: Subject to the conditions mentioned by the hon. parliamentary secretary, does the House agree that notice of Motion P-7 be deemed adopted?

Some hon. members: Agreed.

(Motion agreed to)

[English]

Mr. Peter Adams: Mr. Speaker, I ask that the other Notices of Motions for the Production of Papers be allowed to stand.

The Deputy Speaker: Is it agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

• (1520)

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 24 consideration of the motion that this House approves in general the budgetary policy of the government.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, I rise to begin the debate on the 1998 federal budget. In the interests of civility I would like to find something in the budget on which I could compliment the minister at the outset. The best I can do is we note that the colour scheme of the 1998 budget is not Liberal red but Reform green. I would like to compliment the minister on this change in colour scheme.

It is the duty of the official opposition to hold the government accountable for its actions and to present constructive alternatives where we consider the government's course of action weak or misguided. This duty we now intend to discharge in relation to the federal budget presented to the House yesterday.

I begin by commenting on what could have been. This budget could have been the best piece of economic news to be received by Canadian taxpayers in the last three decades. It could have been a budget and budget day to be celebrated by all Canadians regardless of party. This could have been the case because, for the first time in 28 years, the federal budget is balanced. For the first time since

The Budget

fiscal year 1969-1970 the federal government will not be spending more than it takes in in taxes.

A balanced budget, the elimination of the deficit, has been a goal to which the Reform Party has aspired since its inception. It is a goal which has been pursued by many other Canadians, by the chambers of commerce, by the boards of trade, by the Canadian Federation of Independent Business, by the Canadian Taxpayers Federation, by the C.D. Howe Institute, by the Business Council on National Issues, the conference board. The fact that this objective has been reached could have been, for all of us, a day of unqualified celebration.

But I say could have been for a good reason. I say could have been because this budget unfortunately and regrettably also contains a great betrayal of those Canadians who are chiefly responsible for eliminating the deficit.

I refer to the oft abused, oft ignored, long suffering Canadian taxpayers, the 14 million Canadians who pay personal income taxes, the hundreds of thousands of business people who pay corporate taxes and payroll taxes year after year, the millions upon millions of Canadians who pay consumption taxes including the hated GST every day on almost everything they buy.

Let us begin this budget debate by clearly recognizing that it is the taxpayers of Canada who are chiefly responsible for eliminating the deficit.

Let me establish this. When the Liberals took office the deficit, the legacy of fiscal mismanagement left over from the Tories, stood at \$42 billion. It now stands at zero or near zero, but how was it eliminated? It was eliminated in part by offloading federal spending on the provinces, by slashing transfers by \$7.4 billion. This offloading accounted for about 16.5% of the reduction of the deficit.

Primarily, however, the bulk of the deficit, 70% of it, was eliminated by increased tax revenues collected from the long suffering Canadian taxpayer. The federal government will collect \$35 billion more from taxpayers in 1998 than it did in 1993. It has levied 37 tax increases on top of the 71 tax increases levied by the previous tax happy Tory administration. So 70% of the deficit was eliminated not by cutting federal spending but by increased revenues from the taxpayers.

• (1525)

This brings me to the most regrettable feature of the budget, a feature that will go down in Canadian history as the great betrayal. If it is the Canadian taxpayer who has through the payment of increased taxes contributed the most toward eliminating the deficit, then by all that is fair and just and equitable it is the Canadian taxpayer who ought to be the first to be rewarded and ought to receive the most.

The first claim on any surplus ought to be debt reduction and tax relief, the two highest priorities of the very people who made elimination of the deficit possible.

Canadians had a right to expect that this might happen. In the 1997 federal election the Prime Minister solemnly promised the following, from page 29 of the 1997 red book: "We are moving towards a time when the budget will finally be balanced and the government will have a fiscal surplus. When we reach that time, we will allocate every billion dollars of fiscal dividend so that one half will go to a combination of reducing taxes and reducing the national debt".

By this promise millions of ordinary Canadians were led to understand that as soon as there was a budget surplus they would be rewarded by half of every billion dollars of surplus going to tax relief and debt reduction, and they understood this would occur over the entire mandate of the government in the first year, the second year, the third year and the fourth year. But what happened? Let me tell the House what happened. Let me trace the downward spiral of government credibility on this issue.

Earlier this year the government's *Fiscal Monitor* showed a December 1 public accounts surplus of \$1.4 billion and financial surplus of \$11.3 billion. In other words, the official figures from the finance department showed a significant surplus. But at the same time the finance department's spin doctors began to predict a year end deficit of \$2 billion; in other words, a sign for anyone watching of front end loading by the government endeavouring to spend any surplus before it could accumulate.

This is an old story. Finance ministers since the days of Sir John A. Macdonald have complained about civil servants, sensing a possible year end surplus in departmental budgets, rushing out to spend it before the fiscal year ends. But in this case we have the Minister of Finance himself, the finance department itself, following exactly the same practice which it has decried.

This downward spiral of credibility was further advanced by the Prime Minister's prebudget speech on Tuesday, February 17. Remember, this is the Prime Minister who a few months before was talking about debt reduction and tax relief. In that speech on February 17 there was not a word about debt reduction and not a word about tax relief. It was as if the red book had become a dead book.

Instead, the speech focused almost entirely on a new spending proposal in a sphere of provincial jurisdiction, namely the Prime Minister's \$2.5 billion millennium scholarship fund. By the Prime Minister's own election promise, if there was enough of a surplus to support a new \$2.5 billion spending initiative there should automatically have been announced a \$2.5 billion contribution to debt and tax relief.

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There was not a peep from the Prime Minister on February 17 about debt and tax relief, only the scratching sound of the Prime Minister's pen writing a cheque on the account of the taxpayers of Canada.

The breaking of the Prime Minister's election promise, which was soon to come, became a *fait accompli* on February 18 when the finance minister told the CBC that he would not be "constrained" by the Prime Minister's election promise.

Now the great betrayal is confirmed in this budget speech. The budget discloses that the entire accumulating surplus for 1997 was spent and no new tax cuts in 1997 and no real debt reduction. That surplus should have amounted to \$3 billion and the government spent the whole thing.

In this budget there is no serious effort to tackle the debt. Despite the fact that the polls say the majority of Canadians want debt retirement to be the number one priority of this government, the minister devoted only one and a half pages in his budget speech to debt reduction while he spent eleven pages and a great deal of time on spending proposals.

● (1530)

Net public debt remains constant at \$583 billion over the mandate of the government. Interest charges on the debt increase to \$45 billion per year. The claim that the government has reduced market debt by \$13 billion fails to mention that much of this has been done by the government using its MasterCard to pay off its Visa card, using funds from the civil service superannuation fund and from CPP to pay off government debt.

The provision for only a \$3 billion contingency reserve, which may go to paying down the debt only if it is not needed by the big spenders in the government, is completely inadequate. In the 1997 federal budget, and I quote from page 47, it said in big bold black letters—the finance department was trying to impress us—"the contingency reserve is not a source of funding for new policy initiatives". It said the same thing on page 94 of the 1996 budget. It said the same thing on page 68 of the 1995 budget.

However, in 1998 the contingency reserve disappeared and was replaced by an equal amount of new spending. Program spending was budgeted at \$103 billion. The actual spending was \$106 billion. The difference was made up from this contingency fund that was not to be touched for that purpose. This says that statements by the minister, even if they are in the budget, about what the contingency reserve fund may or may not be used for are not worth the paper they are written on.

What is needed is the ironclad national debt retirement fund proposed by the official opposition and established by law, to which fund 50% of any budget surplus would be allocated by law each year.

The big story of the budget is that while no serious effort is made to tackle the debt, spending is nevertheless up by \$11 billion over the next four years.

While tax relief measures amounting to \$7 billion are offered over three years, total taxes paid by all taxpayers increased by \$46 billion over the period. In other words the government is prepared to put \$900 in tax relief into the average family's right pocket and then take almost \$6,000 in additional tax revenues out of the left pocket and hope that the hapless taxpayer does not know what is happening to him.

We find it unbelievable that the finance minister was able to get this shell game through the government caucus. Picture it. He apparently came to the Liberal caucus one day, that great sheepfold where Liberal backbenchers are told what to do and think. He must have said to them "I am going to give the Canadian taxpayers \$7 billion in tax relief over the next three years and I am going to take 400,000 people off the tax rolls". He must have said that.

Apparently nobody stood up. The chairman of the finance committee must have been sitting there; he did not stand up. Nobody stood up and said "Mr. Minister, while you are giving \$7 billion in tax relief over three years with one hand, our CPP payroll tax hike over the same period takes more than \$7 billion from the pockets of those taxpayers. So how can the taxpayers be further ahead?"

Furthermore, when the minister said he was going to take 400,000 people off the tax rolls, surely someone in the Liberal caucus must have stood up and said "But Mr. Minister, bracket creep alone will add 460,000 people to the tax rolls over the same period and again the taxpayers are worse off at the end of the day".

That is why it is necessary to have an official opposition. To hold the finance minister accountable, because there is absolutely no accountability demanded of the minister by the Liberal caucus.

Therefore 1998 should have gone down as a landmark victory for Canadian taxpayers, the end of overspending, the elimination of the deficit, the beginning of a new era of tax relief and debt reduction. Instead it will go down as the year of the great betrayal, the year of the broken promise, the beginning not of broad based tax relief and debt reduction but the beginning of more Liberal spending, the very thing that led to high deficits, high debt and high taxes in the first place.

This budget eliminates a fiscal deficit but leaves in its place a credibility deficit which will not be eliminated until this government is driven from office.

● (1535)

I suppose that Canadians should not be surprised by these betrayals and broken promises. Exactly the same thing happened after the 1993 election. Canadians were led to believe that if they voted Liberal, the promise to kill, scrap, abolish the GST would be

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kept. But in the end the vision and the promise of tax relief was shattered by a broken promise.

I suggest that this pattern of betrayal has become an inherent characteristic of Liberal governments: winning votes by presenting a vision encased in a promise and then shattering the vision by breaking the promise. It is a pattern of which I am personally reminded every day.

Perhaps not all members of the House are aware that the office on the fourth floor of the Centre Block which I now occupy as Leader of the Official Opposition is the old office which was occupied by Mackenzie King, the founder of modern liberalism. He occupied it from 1920 to 1948, not just when he was leader of the opposition; he liked it so much he kept it when he was prime minister.

Mackenzie King helped to decorate that office. He helped to choose the frescos, the pictures around the top of the walls just below the ceiling. These are pictures of knights in armour in various poses intended to depict the various virtues which parliamentarians are to display. There is one displaying struggle. There is one on integrity. There is one on justice. There is one on conciliation. But it is the last fresco which is the most interesting. It is entitled "Vision". It is the picture of an angel receiving a vision and handing it to the knight.

According to historians, the face on the angel is Mackenzie King's mother's face. He asked the painter to put his mother's face on that picture. We will recall that next to his dog, there was no creature on Earth more highly esteemed by Mackenzie King. Reformers esteem Mackenzie King's mother as well because she of course was the daughter of a Reformer, William Lyon Mackenzie, so I would not want to say anything to denigrate Mackenzie King's mother.

However, beneath this lovely portrait of "Vision" is a wall panel. If we push it, we discover that it is on hinges and swings open to reveal a dark secret passage out of the office. I suggest that this is the perfect picture of Liberal politics. Up on high is this glorious vision, like the vision of a balanced budget, a vision of fiscal responsibility, but just beneath it is a trap door to enable them to escape the burden of the vision.

This is a shameful pattern. It is a shameful legacy. It is one which the finance minister will not be allowed to forget. When the current finance minister replaces the current Prime Minister, as he seems determined to do, and when he then loses the next election, as he most surely will, he may very well find himself planning his retirement in the Turks and Caicos, sitting in that same office as leader of the official opposition. He will then be daily reminded of that fatal flaw of a degenerate liberalism, a congenital predisposition to betray in government the visions it espouses at election time.

Having outlined the greatest fundamental weakness of the budget, the betrayal of the interests of the taxpayer in debt

reduction and tax relief, let me comment further on the spending and taxing components of the budget.

The government has made it clear that its number one priority once the budget is balanced is to increase spending; 50% of any surplus should go to spending. The budget itself contains 17 spending proposals amounting to \$11 billion over four years.

Members should note that the spending program proposed by the government has two major flaws, flaws which have become characteristic of Liberal budgets.

The first flaw is that government spending still contains billions of wasteful expenditures. There is almost \$1.1 billion of wasteful and patronage ridden regional development programs that simply do not work, have never worked and will never work. There is over \$800 million in subsidies to CBC TV which should be eliminated through privatization while preserving Newsworld and CBC radio. There is at least \$1 billion to DIAND that does not have a hope of ever getting down into the hands of ordinary aboriginal people. The list goes on and on. I have not mentioned the small wasteful expenditures which add up to big waste, such as spending \$97,000 of federal money on a study of idolatry and religious practice in colonial Peru, or \$57,000 on a study on wives and husbands in 15th century England.

• (1540)

My colleague, the hon. member for St. Albert, chairman of the public accounts committee, will be dutifully digging out all these wasteful expenditures and reporting them in his regular "Waste Report".

The second flaw in the government's spending program, and this is a big one and a bad one at this point in our history, is that the government continues to abuse its constitutional spending power by spending without consultation and without co-operation in provincial areas of jurisdiction.

Its biggest new expenditure item is the \$2.5 billion millennium scholarship fund. Did the government go to students and ask them "We have \$2.5 billion to spend on education, how do you think it should be spent?" If the government had done that, it would have heard that the preference of students is to pay down existing student debt which is now accumulating at the rate of \$2 billion a year and to increase transfers to institutions in order to lower tuitions.

Did the government go to the provinces? This House is to be bound by the Constitution. It has a list of what the federal government does and what the provincial governments do. If we go through the list, education is under the provinces. Presumably the government went to the provinces and asked them "We have \$2.5 billion for education. How would you like us to spend it?" If the government had done that, it would have heard that the provinces' priority would have been for the federal government to restore the

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\$7 billion in cuts to health and education transfers made in previous years.

The biggest flaws therefore in the government spending programs are its abuse of the Constitution and its failure to eliminate waste.

The constructive alternative, and the official opposition is in the business of constructive alternatives, offered by the official opposition is contained in our booklet entitled "Securing Your Future". Our alternative is to hold the line on spending at \$103 billion. This can largely be done by eliminating the wasteful expenditures that I have referred to earlier.

We propose to hold that line for three years while the focus is entirely on debt and tax relief. Then we say allow spending to rise but only by the percentage rate that the economy itself is growing. The difference between the government spending program and the Reform spending program is the difference between irresponsible, unconstrained spending and responsible limited spending.

Let me turn for a minute to taxation. To finance its spending program, the government will collect \$151 billion in taxes next year, \$35 billion more than the Liberals collected in 1993. If the CPP payroll taxes are included, the total rises to \$42 billion more than the government was taking in 1993.

To maintain this level of revenue, Tory and Liberal administrations over the past 14 years have established one of the most socially and financially repressive tax regimes in the western world.

I am here today, at the commencement of the 1998 budget debate, with the full backing of 58 Reform colleagues to say on behalf of millions of Canadian taxpayers, enough is enough.

On behalf of the 14 million personal income taxpayers upon whom the government has inflicted the highest personal income taxes in the western world, we are here to say enough is enough.

On behalf of the hundreds of thousands of small and large business people who are strangling in Revenue Canada red tape and who cannot expand or hire more employees because they are paying too much income tax, too much excise tax and too much payroll tax, we are here to say on their behalf that enough is enough.

On behalf of the 2.7 million taxpayers, single mothers, young graduates, retired Canadians, Canadians whom the finance minister described today in question period as ones for whom he has such a passionate concern, and from whom he collects \$1.4 billion a year in taxes, we are here to say enough is enough.

• (1545)

On behalf of the 7.7 million taxpayers, hard working, often underemployed parents and citizens making \$30,000 a year from

whom this finance minister extracts \$12 billion a year in revenue, we are here to say that enough is enough.

On behalf of the hundreds of thousands of Canadian young people who see their first paycheque chopped by Revenue Canada, we are here to say enough is enough.

We deplore the hypocrisy exhibited by the other side on this point. The youngest members in this House are in this caucus, not in that caucus. If anyone is entitled to speak on how young people feel about taxes and debt, it is this caucus, not that aging caucus.

For the hundreds of thousands of seniors who are worried sick when they see an ever increasing proportion of their fixed income clawed back by the government, we are here to say on their behalf because they cannot stand here and say it themselves, that enough is enough.

On behalf of the millions of moms and dads, like the Kim Hicks family that visited the House earlier in the year, who cannot make ends meet because they are paying more in taxes than they pay for food, for shelter, for clothing, we are here to say that enough is enough.

On behalf of all those Canadian families who have taken a \$3,000 a year pay cut because of the spend and tax policies of the government, and who cannot personally stand in this House to protest the injustice and the frustration and the unfairness of it all, we are here to say enough is enough.

For more and more Canadians, the federal government is no longer identified with the services it provides. This government is not considered by the rank and file of people as the government of medicare, or the government of old age assistance, or the government of the CBC.

Today in the minds of millions of Canadians the federal government is most identified with the excessive taxes it imposes. It is the government of Revenue Canada. It is the government of T-4s. It is the government of the GST. It is the government of taxes which, if not reduced, threaten to render the very name of the Government of Canada and the finance minister and the finance department odious to the Canadian people.

If there are members opposite who do not know the meaning of the word odious, its synonyms are: repulsive, repugnant, disgusting, disreputable, despicable, detestable, execrable, infamous, invidious, obnoxious, offensive, contemptible, abominable, loathsome, repellent and hateful.

I realize that the Canadian taxpayer did not get into this abused relationship with the federal government all at once. This confiscation of the taxpayers' income and resources by successive governments has happened gradually, one tax at a time, one increase at a time, the hope of such governments being that the taxpayer will be annoyed and inconvenienced by each tax bite but never angered enough to revolt.

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The Liberal government's approach to taxpayers reminds me of an old story. When it comes to taxes there are no new stories.

It is an old story of a travelling salesman whose car broke down in the country. He hiked over to a farmer's house. The farmer offered to help but first invited him in for lunch. As the salesman sat down at the table he noted that seated at the farmer's table were the farmer's wife, three children and a pig. The pig had three medals around its neck and a wooden leg.

This salesman was a Canadian. That meant he was polite. He did not want to appear nosy. He did not want to appear inquisitive. So he sat through the whole meal without saying anything, just making small talk. Finally he could not contain himself. He said to the farmer "What is with the pig?"

The farmer explained "One of our children once fell into the dugout. That pig ran into the dugout and pulled the child out so we gave him a medal". He said "Our second child once set fire to the barn. The pig ran in there, pulled that child out from the flames and the smoke and we gave him another medal". He said "The third child was once cornered in the field by a bull but that pig rushed in, diverted the bull so that the child could run to safety. We gave him another medal". "That explains the medals", said the salesman, "but what about the wooden leg?" "Well", said the farmer "when you have a pig this good, you only eat him a piece at a time".

• (1550)

I suggest that that farmer's attitude toward the pig is very similar to the Liberal government's attitude toward the taxpayer.

The government is willing to recognize the heroic achievements of the average taxpayer who is raising a family, paying the mortgage, paying taxes. It gives him a medal for that. The Liberals are even willing to give him or her a taste of tax relief now and then, like the \$7 billion promised over the next three years while at the same time collecting \$46 billion more through general tax revenue increases.

But in the end, this government's primary interest in that taxpayer is to confiscate more and more of his or her income. Only with a taxpayer that good, you do not eat him all at once. You just eat him a bit at a time, a leg today, an arm tomorrow and the rest next year.

In summary, the Liberal-Tory record of overtaxation is one of the most socially and financially repressive regimes in the western world and Canadians are paying the price.

Every Canadian who is out of work or working for low pay and under poor conditions, and there are millions of them, is paying the price of this high tax regime in this country. Every parent or senior who is living in despair below the poverty line and still paying taxes, and there are millions of them, is paying the price of too high

a tax system. Every entrepreneur who defers investment in a new project, every business person who decides not to hire another employee because their income is strained by overtaxation, they are paying the price of too high a tax system.

These people want real tax relief, not token tax relief. They want real tax relief moved up, way up on the agenda of this Parliament and this government.

On the subject of tax relief, my colleagues, in particular the official opposition critic for finance, the member for Medicine Hat, and the official opposition critic for revenue, the member for Calgary Southeast, will have more to say on the official opposition's proposals for tax relief.

Suffice it to say that if the tax relief proposals contained in the official opposition's "Securing Your Future" program were to be fully implemented, they would deliver more than \$20 billion in tax relief per year to Canadians. They would lift 1.3 million lower and middle income Canadians off the federal tax rolls altogether which in turn would lift a tremendous weight of worry and anguish off the shoulders of those taxpayers. They would deliver more than \$2,000 in tax relief to the average family of four by the year 2000 which in turn would deliver stress relief to families such as no government program could deliver.

When fully implemented, our tax relief proposals would deliver over \$1.4 billion per year in tax relief to Atlantic Canada, over \$4.5 billion per year in tax relief to Quebec, almost \$7.5 billion per year in tax relief to Ontario, over \$1.4 billion per year in tax relief to Manitoba and Saskatchewan, over \$1.9 billion per year in tax relief to Alberta, and over \$2.5 billion per year in tax relief to British Columbia.

That is tax relief that would do more to stimulate local economies and accomplish regional development than all the regional development programs and policies ever conceived of or implemented by this government.

These Reform proposals would deliver genuine broad based tax relief to people, but I am talking about more than financial relief. I am talking about relief from stress and guilt and worry and anxiety and despair. I am talking about people being able to sleep better at night, being able to get out of debt, to have more money to put away, to build more security and freedom in their own lives and to have more opportunity to get a decent job with a good income. Tax relief is not just a fiscal policy. It is a social policy.

I have spoken earlier of the great betrayal of the Canadian taxpayer contained in the budget. But there are two other groups of Canadians for whom this budget will also be a huge disappointment. I refer first to Canadian youth and second to Canada's unemployed.

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• (1555)

We just had a marvellous convention last weekend with an active group of young people from across the country. They are acutely conscious, much more conscious than perhaps their elders that under the Liberal-Tory mismanagement the federal government has piled up this federal debt of \$583 billion or \$20,000 worth of debt for every man, woman and child in the country.

This debt constitutes an intergenerational transfer of wealth since the taxes needed to finance the interest and the principal are levied on future taxpayers while the borrowing that the debt represents enriches the lives of current citizens. The debt in fact constitutes a \$77,000 second mortgage on every family of four in the country, both the principal and the interest on which must be paid off by future generations of Canadians.

In addition, as if that was not enough, the young people of this country are conscious that under Liberal-Tory mismanagement of the Canada pension plan the unfunded liability of that plan now amounts to another \$485 billion. So the unfunded liability on the Canada pension plan constitutes a third mortgage on every family of four in the amount of \$65,000, the repayment of which falls squarely and disproportionately on the young.

Against these huge obligations, the \$77,000 second mortgage, the \$65,000 third mortgage, which successive governments have loaded on to young people, what does the government have to offer? A \$2.5 billion millennium fund. An amount insufficient to pay the interest for one month on the debt imposed on young Canadians; an amount which pales into insignificance when compared with the hundreds of millions of dollars in tuition fees paid by students each year or the billions of dollars in student debt already accumulated; an amount which pales into insignificance when compared with the CPP premiums young Canadians will have to pay after the minister's 73% hike in CPP payroll taxes.

To address the betrayal of youth by a generation of shortsighted and self-serving Liberal and Tory politicians, the official opposition offers not tokenism but constructive alternatives. Some of these details will be elaborated on by my colleagues.

Suffice it to say at this point that we support the reform of the student loan program to make interest on student loans deductible and to make repayment less onerous and more secure by directing it through the income tax system. But we want to do much more than that.

In the weeks ahead we intend to enter into a public discussion on a reform of CPP which will give young people a choice between the current CPP managed by the government and a personal pension plan designed for younger and middle aged workers owned and

controlled by them, not by the government. But our greatest commitment to youth in the future is reflected in a concrete plan to tackle and reduce the crushing federal debt.

Our plan has three features. The first is a commitment to devote 50% of future budget surpluses to debt retirement, to reduce the mortgage on our young people's future.

Second is a commitment to set debt reduction targets and to stick to them and not the pale targets contained in this budget which no financier in the world would even recognize as a target. We propose concrete targets of reducing federal debt from 70% of GDP to 50% by the year 2003 and 20% by the year 2016; in other words to cut that second mortgage on every family in this country from \$77,000 to \$36,900 over the next 20 years. This achieves savings of some \$20 billion in interest per year which are then available either for tax relief or for social investment.

Third, we back up these commitments with balanced budget legislation: a legal definition of surplus so that the games playing that has gone on around here over the last three months cannot go on, a commitment to accounting principles for calculating the surplus that will prevent finance ministers from playing with the books; a legal requirement to keep the budget balanced over a four year cycle; a legal requirement to put 50% of defined surplus into a national debt retirement fund; and penalties on ministers and MPs for violation of those guidelines.

Six provinces of this country have balanced budget laws. If the federal government were really serious about debt retirement or removing this enormous burden from future generations, this budget should have been accompanied by a federal law making a repeat of the Liberal-Tory deficit and debt accumulation illegal.

• (1600)

I want to direct a word to that other vast group of Canadians whose needs will never be met by the budget. This is a group whose hopes have been mocked by budget after budget and throne speech after throne speech produced by the Liberal government. This is a group to which the federal government addresses more words than any other and does less than it does for any other group.

I refer to the 1.4 million Canadians who are without work today, the 2 million to 3 million Canadians who are underemployed, and the hundreds of thousands of unemployed or underemployed young people which give us the highest youth unemployment record in the western world.

From jobs, jobs, jobs and employment is the number one priority in its first budget in 1994, the government has fallen into the pallid and token provisions for job creation and youth employment contained in the budget.

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Even if we believed that government spending and government policy could somehow lead to jobs in the numbers that are required by the unemployed, who would ever believe that the government, after five years in office and a record of failure in this area, has any new answers? In contrast, the official opposition has a job creation strategy for the 21st century worthy of the name, large enough to match the problem and particularly capable of offering help to youth.

The government has relied on a one cylinder engine of government spending to drive its job creation engine. The official opposition wants to harness a bigger, stronger four cylinder engine to that task.

The other three cylinders are business investment, consumer spending and international trade. To stimulate business investment and consumer spending we advocate the broad based tax relief discussed a moment ago. That includes a \$3.3 billion reduction in payroll taxes paid by job creating employers.

Of course there needs to be more investment in job creation and human resources, in training and technology, but does anyone in their right mind believe that the federal government is the best one to lead or to make that investment?

The federal government cannot even train its senators to come to work, let alone do something useful when they get there. The federal government cannot even apply technology like electronic voting to the House. I hope someone writes that little story up one of these days, if they think the federal government has a grasp on how to attach modern technology to a current operation.

Let those investments be primarily made by individuals and families in their own education and by institutions and companies in training and technology, by leaving more of their own dollars in their own pockets through tax relief. Until that stimulus is provided we are absolutely convinced there will be no significant improvement in job creation numbers over the present levels. While the present employment levels may be good enough for Liberals, they are not good enough for the official opposition and they are not good enough for Canadians.

I have something to say to every unemployed person, particularly those who have become weary and discouraged because they feel there is no hope. I have something to say to every underemployed person. I meet lots of them: the university graduate who is working in the fast food joint, the engineering graduate who is driving a cab. Whoever they are and wherever they are, I want to say to the hundreds of thousands of young people who are worried about finding a summer job, let alone finding a good paying permanent job, that the key to more jobs is tax relief.

The key to more jobs is not more government programs. It is not more rhetoric like we saw in the budget speech. That has not

worked. For the past 10 years it has not worked. The key is more dollars in the pockets of consumers to spend and in the pockets of investors.

It is time the great army of the unemployed and underemployed made common cause with the oppressed and angry taxpayers to demand the tax relief which is the key to firing up the job creation engine.

The country needs to further stimulate the fourth great cylinder of the job creation engine. We need to stimulate greater international trade, a stronger export sector and a bigger and better strategy than trade junkets to prospective trading countries led by the Prime Minister.

• (1605)

The country needs tax relief to make our exporters more competitive. We need an MAI that works for Canada, that will allow responsible Canadian based multinationals to function freely and securely anywhere in the world. We need an enlargement of our trading sphere.

On this latter point I am proposing today that Canada and the United States invite the United Kingdom to join the North American free trade area. Expansion of the North American free trade area means more jobs and higher incomes for Canadians. The country's trade alliances should reinforce and complement our historic foreign policy and defence alliances. The United Kingdom has more in common with Canada and the United States with respect to foreign policy and defence issues than it has with France or Germany.

Getting the United Kingdom into NAFTA would be particularly beneficial to Atlantic Canada, which could then promote itself as Europe's great trade gateway to North America, just as the U.K. could promote itself as America's gateway to European trade.

The official opposition calls upon Canada's Prime Minister to do something strategic and far sighted for once to increase and enlarge our trading sphere, to actively pursue with U.S. President Bill Clinton and British Prime Minister Tony Blair the idea of Britain joining the North American free trade area.

Even if in the end this idea is resisted, Canada and the Prime Minister should at least be more vigorously pursuing freer trade with Europe and doing so in association and co-operation with our oldest Atlantic partner.

We came to the budget debate today, half hoping that this could be a day of unbridled celebration of our 10 year advocacy of a balanced budget. Instead, we find ourselves forced to hold the government accountable for a broken promise. It is a great betrayal of the Canadian taxpayers and a great betrayal of Canada's youth and unemployed.

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To counter these dark blotches on the government's budget, we offer the alternative of, first, a commitment of 50% of any future surplus to debt reduction; second, a commitment of 50% of any future surplus to tax relief; and, third, a job creation strategy based on a broader foundation and a broader vision than anything contained in the budget.

In the meantime, while Canada awaits new and better leadership than that offered by the authors of the budget, I move:

That the motion be amended by replacing all the words after the word "that" with the following:

The House of Commons reject the budget statement by the Minister of Finance because it denies Canadians debt and tax relief by spending away the federal budget surplus, thus killing opportunities for job creation and economic growth; it leaves Canadians saddled with the highest personal income tax rates in the G-7 countries resulting in a systematic brain drain to jurisdictions with lower taxation levels; it allows interest charges on the national debt to consume one-third of every tax dollar collected by the federal government and to exceed spending on health care, education and old age security combined; it continues the steady decrease in real disposable income for the average Canadian through tax hikes; and it does not keep the government's promise of committing 50% of the surplus to new spending and the remaining 50% to some combination of debt reduction and tax relief.

The Deputy Speaker: Resuming debate on the amendment.

• (1610)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to speak on the finance minister's fifth budget, but I am not too pleased with it.

First of all, I would like to congratulate the real architects of the battle against the deficit reduction, of the initiative to put public finances in order. I would like to congratulate Lucien Bouchard and his finance minister, Bernard Landry; Ontario finance minister Ernie Eves; New Brunswick finance minister Edmond Blanchard and the other finance ministers in the maritimes. I would like to congratulate Alberta finance minister Day Strockwell; Manitoba finance minister Eric Stefanson; British Columbia finance minister MacPhail and the finance minister of Saskatchewan too. Together, they had to withstand 52% of the spending cuts made by the Minister of Finance.

My congratulations to the unemployed, and to employers and employees. In the past three years, the Minister of Finance has taken between \$6 billion and \$7 billion from annual surpluses that belonged to them to put his fiscal house in order.

I would like to congratulate the taxpayers in Quebec and Canada because they too were instrumental in restoring the health of public finances.

During the four years he has been Minister of Finance and the Liberal government has run the country, the taxpayers of Quebec and Canada have been hit with \$30 billion in new taxes by the Minister of Finance.

Therefore, the benefits to be found in this budget are few and far between. This is why the congratulations stop here.

The Minister of Finance definitely does not deserve to be congratulated for putting our fiscal house in order. Let us just make a quick calculation; it is easy to do with the successive budgets of the minister.

The minister's own efforts only account for 12% of the money, which really comes from the provinces, the employment insurance fund and the taxpayers' pockets. We have no congratulations for the minister, who said this morning that our fiscal house has been put in order, a zero deficit has been achieved, and a surplus now exists. The minister was right in using the impersonal form instead of "we", because he is not the one who did all this.

I am also very disappointed by the way the minister is going about putting our fiscal house in order; he is keeping practically all the resulting dividends, even though he deserves no credit at all.

The minister is keeping over 50% of these dividends. What is he doing with that money? He is taking all sorts of initiatives, even in areas where he asked the provinces, the unemployed, the welfare recipients and the sick to make sacrifices. He is taking all sorts of initiatives for students, in the area of education.

After cutting \$12 billion in social assistance, post-secondary education and health care, after having already cut billions in the past three years, not to mention that he is about to cut another \$30 billion—as part of the budget cuts included in his 1995 budget—the Minister of Finance is taking all sorts of initiatives, such as the \$2.5 billion millennium fund.

Before getting to the issue of provincial jurisdiction, let me say something about the somewhat secretive nature of the minister's initiatives.

As we know, the millennium scholarship fund will start giving out scholarships only in two years. However, in his budget, the Minister of Finance eliminated any sign of a real surplus for this year, by including the whole amount of \$2.5 billion, even though he will start giving out that money to students only in five years.

• (1615)

This resulted in almost unanimous agreement—all analysts zeroed in on this ploy—that the Minister of Finance was overstepping the bounds, that he was not behaving in the most transparent manner in showing where public finances were headed, and that he

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was sometimes using somewhat dubious methods, such as concealing the real surplus for this year and for the next two years, by including in the 1998-99 budget an amount of \$2.5 billion that will actually be spent two years from now.

This is not the first time the Minister of Finance has done this sort of thing. I cannot recall a single time in the first four budgets where the Minister of Finance gave us figures that made sense, that corresponded to the reality of public finances. It is very important in democracy to show things as they really are, and it is even more important to do so when it comes to putting one's fiscal house in order, even if we were not talking about the Minister of Finance, who is asking the most disadvantaged Quebecers and Canadians in particular to make tremendous sacrifices. These people are entitled to transparency.

The Deputy Speaker: Order, please. The hon. member for Mississauga South on a point of order.

[*English*]

Mr. Paul Szabo: Mr. Speaker, with respect, the statements of the member attributing something to the finance minister which he says is not the truth I believe are unparliamentary. I would ask the member if—

The Deputy Speaker: I have been listening quite attentively to the hon. member for Saint-Hyacinthe—Bagot.

[*Translation*]

I think that everything the hon. member said was parliamentary. He did not suggest that the minister had been dishonest. His remarks are in order. This is a point of debate and not a point of order.

Mr. Yvan Loubier: Mr. Speaker, I thank you for your kindness and understanding. As I was saying, this is not the first time a budget contains figures that are cautious and fail to reflect the reality of changes in public finances.

Barely a few months ago, I was in Vancouver with the Minister of Finance, who was giving us information on the economy and the financial situation. It was then he announced the good news that the 1996-97 deficit for fiscal year ending March 31, 1997 would be somewhere around \$8.9 billion.

Six months earlier, we were telling him in this House that the deficit would be below \$10 billion. He said the members of the Bloc Québécois, the opposition, was bandying figures about. Six months later, he said the forecast was out by 63%. If he were working for a firm of economic consultants, he would be out on the street now for having made an error of 63% in six months.

I was rather disappointed to see the Minister of Finance hiding things. Over the next three years, he says, the budget surplus will

be zero, zero, zero. Do you know what the real figures are? I will give them out.

We have become forecasting specialists. We decided that, if, in the past four years, the Minister of Finance has been incapable of putting the right figures in the budget, we would tell him the right ones. He says there will be no surplus in 1998-99 and marked a zero on page 12 of his budget plan. The real surplus amounts to at least \$7 billion and starts this budget year.

For 1999-2000 the figure given is 0.0. That is tantamount to laughing in people's faces. It is an affront to the public, which expects the right information from their elected representatives. A surplus of \$14 billion is what we expect, and he writes zero in the budget.

I went further, up to 2000-01. I say there will be a surplus of at least \$19 billion. He does not want to go that far in his forecasts. I can understand that. If I were out by 63% over six months, I would not even make a two week prediction.

On the millennium fund, I said earlier that, in his budget plan of 1995, the Minister of Finance was sly, rather sneaky. Sometimes that can be a good thing, but as far as I am concerned, it can also be a fault. In this case, it is a major failing.

In 1995, he said there would be a plan for budget cuts in order to fund social assistance given out by the provinces to the most disadvantaged, university education—under provincial jurisdiction—and health.

• (1620)

He said “I am going to cut and cut, until 2003, in order to attain my objective of a balanced budget” and so on. Cut so much that, if all of the cuts until 2003 are added together, the Minister of Finance will have cut \$42 billion, a good part of that \$42 billion in university education. Another \$30 billion is to be cut before 2003, and the minister announced nothing about this yesterday.

Oh, he did announce one thing: the cuts initially forecast at \$48 billion will be reduced to \$42 billion, and he would have to be applauded for continuing to cut at the \$30 billion level until 2003. Now he is telling us “I have put our fiscal house in order”, and he gloats over it. He toots his own horn. We will be coming back to that later.

He toots his own horn, and then he says “Now that I have this surplus, I am announcing that I am going to put \$2.5 billion into education”. He cuts education, health and social assistance to the tune of \$42 billion and now he is telling us: “We are going to put \$2.5 billion into education. Look, we have some extraordinary initiatives in the area of education”. The provinces meanwhile continue to cut. But it is he who is cutting.

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The public must know this. And as for getting into an area of jurisdiction as exclusive as education, so what if this has been a prerogative jealously guarded for the past 50 years by any and all Quebec premiers, whether federalist or sovereignist. Quebec will never accept the federal government's encroachment on this sector.

The Prime Minister said: "We are not getting into education, we are simply helping students with debts". First of all, it is they who caused those debts by making savage cuts in recent years and, second, the Minister of Finance pronounced the word "education" in connection with the millennium fund no less than 12 times during his budget speech. That is a rather serious problem.

On top of that, they claim that they have an interest in student debt loads. Give me a break. What the government is really interested in is its visibility. In the scrum yesterday, the Minister of Human Resources Development made no bones about it. He said in English—he did not dare repeat it in French, because I think he realized he had made a blunder—that this was the best way of increasing the federal government's visibility.

So much for the federal government's wonderful philosophy of student assistance: relieve them of their money by annually reducing the amounts available for university education, a job foisted off on the provincial governments, and then turn up to put a partial band-aid on the wound they themselves inflicted by interfering in an area reserved for the provinces. This move may well provoke an unprecedented confrontation between the federal government and the Government of Quebec.

The federal government, through its finance minister, also kept us from seeing the real extent of its leeway. Why? Because, in his wisdom, in his concern for his image, in his desire to make a dramatic gesture as well and to break records never before broken in the history of Canadian taxation, the Minister of Finance decided that what he valued most was not a balanced budget, not visionary policies, not improved conditions for the most disadvantaged in society, not the elimination of child poverty.

Furthermore, in this regard, the forecast increases in the child tax benefit have been put off for two years. That is the priority they give to the fight against poverty. That is not what motivates this government. That is not what motivates the Minister of Finance. Nor is he motivated by the fate of the unemployed. Once again, by not using the government's overall gains to create an independent EI fund, he has just given us the message that, in the years ahead, all surpluses from employers' and employees' premiums will go into his pocket.

So he is not interested in helping unemployed workers either. Since January 1997, the benefits available for those unfortunate enough to lose their jobs have steadily decreased. They now receive almost half of their most recent wages.

They are thus denied EI by restrictive measures. The unemployed and what becomes of them are not what motivates the government.

● (1625)

Furthermore, this was the unanimous view of analysts, people from the private sector, and representatives of the business community. Yesterday, I listened to the executive director of the Canadian Federation of Independent Business, who had this to say: "This budget did not contain any significant measure and no strategic plan for creating employment in any consistent and lasting way". That was what Mr. Clérout had to say outside the House.

So, jobs and unemployment are not what concern the Minister of Finance. What concerns him is going down in history as the one who not only put the country's fiscal house in order but who broke the record for surpluses. His concern is making it into the Guinness Book of Records. That is what is on his mind.

The proof lies in the fact that he is not letting us in on the real surpluses. The proof is that, if the present trend continues, if the federal government continues with its initiatives and continues to aim at very conservative economic growth—we have done the math—the surplus will perhaps top \$30 billion by 2003.

This is not a sign of good public management. It is a sign that somewhere people are paying too much in taxes and the Minister of Finance could care less. People are paying too much in taxes, while the Minister of Finance is breaking surplus records and calling himself a good manager. He calls himself a great manager.

Surpluses that go up year after year—the Minister of Finance is so ashamed that he does not even give the figures in his budget; he puts zeros everywhere—point to bad management. This is someone who is more interested in popularity, because of some agenda, perhaps that of becoming the next prime minister, you never know, but it is not necessarily someone interested in efficiency and the general well-being of the public. If he were, he would have tried to achieve a balance.

A reserve of \$2 to \$3 billion is fine, but we would not accumulate large surpluses, which are a sign that the tax burden of average taxpayers, which is not significantly reduced in this budget, is too high, that people are paying too much in taxes, and that other people are also contributing too much as well. I am thinking of the unemployed, those on welfare, the ill, and students, who are still suffering from the cuts in the 1995 budget.

What I found yesterday in the budget is that the Minister of Finance was in far less of a hurry to remedy misery and to lighten the burden of taxpayers who have been crushed by \$30 billion in additional taxes of all kinds he himself has imposed over the past four years, and also by the non-indexation of tax tables.

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He was in far less of a hurry to help the sick, to help students, except with one program aimed solely at raising the federal profile, at getting that maple leaf out in a prominent place. The Minister of Finance was much more interested in drafting custom-made bills serving the interests of his foreign shipping holdings than in looking after the general well-being of the people of Quebec and Canada and in being a good manager.

People will understand that, while this Minister of Finance has not made significant reductions in their tax burden, he is continuing to take money from the most disadvantaged and to make it more difficult for the provinces, particularly Quebec, to balance their budgets. The people sitting down to do their federal tax returns are well aware that while the minister is taking money from their pockets, he is also getting bills passed that are tailor-made to save him tax money in the coming years. They know he is in apparent conflict of interest, that this government is refusing to cast any light on that apparent conflict of interest, and that the integrity of the Minister of Finance is open to question.

That is hard to take. We have sounded people out. All of my Bloc Québécois colleagues have asked the people in their ridings what they think of this budget, and of this nebulous business.

• (1630)

I can tell you that people remember Bill C-28. People want an accounting because they see that the Minister of Finance is not only unconcerned about their welfare, but appears concerned only about his own and that of his buddies.

I would like to table an amendment to the amendment to the budget proposed by the Reform Party. I move:

That the amendment be amended by striking all words following the words "Minister of Finance" and replacing them with the following:

"because he has, by creating the Canada Millennium Scholarship Foundation, broken his promise to respect provincial jurisdiction over education, he has provided nothing to stimulate job creation, he has not provided for adequate income-tax reductions for middle-class families, he has continued to appropriate the huge employment insurance fund surplus, he has obstinately refused to table anti-deficit legislation and he has not returned to the provinces the money he cut from their transfer payments, while pursuing his planned cuts up to the year 2003."

I table this subamendment in this House and thank you for your attention in the hope that taxpayers will now know they have to keep an eye on him.

The Acting Speaker (Ms. Thibeault): For the time being we will take the text submitted by the hon. member under advisement. We will get back to you in a few minutes.

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 Calgary Southeast, Taxation;

the hon. member for Regina—Lumsden—Lake Centre, Banking; the hon. member for Lévis, Spirit of Columbus Platform; and the hon. member for Waterloo—Wellington, Construction Industry.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I want to start by saying how disappointed and upset I am at the comments made by the hon. member who just spoke in his reference to an hon. colleague, the finance minister, using this opportunity for his own personal image, to try to gain a spot in the history books and to increase his own popularity. He is not working for the welfare of Canadians. He is in a conflict of interest and his integrity is in question.

When I became a member of Parliament comments like this used to bother me. Some would say they were politically motivated. However, having been here before and seen this member and the way sometimes things play in this House, I believe those statements tell me more about this hon. member than they do about the finance minister.

I would like to comment and ask a question of this member with regard to the elements of his speech. He indicated that he was not interested whatsoever in the fishiness and fuzziness of numbers. However, there is no question that in 1993 when this government took office there was a deficit of some \$42 billion. That deficit is now gone as a result of another balanced budget with a balanced approach.

The member may be right that the government has broken some promises, but the promises we have broken are things like the promise we made to balance the budget in five years and it has now been balanced in four. We promised to reduce the deficit to 3% of GDP and it is now down to zero. That is a broken promise. The member does not give credit where credit is due in terms of setting the priorities.

• (1635)

The member somehow thinks this is the only budget that will be brought down in this mandate. The undertaking of the government was to balance the budget, and the finance minister has delivered.

The member did not want to talk about the tax break for low income Canadians. He did not want to talk about the surtax cut for middle income Canadians. He did not want to talk about the child tax benefit increase for families or the child care expense deduction or the other tax measures.

The member did not give credit for those but rather decided to launch a personal attack against the Prime Minister. I think at this point I would pose a question to the member.

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First of all, I ask him to rise in his place and apologize to the House and to the finance minister for his personal attack.

Second, with regard to the upcoming fiscal period, with regard to the numbers presented, exactly which numbers, which he generally referred to as fishy, is he saying he does not understand so that we can explain it to him in plain English?

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, I was beginning to despair at the length of the question, its preamble in particular.

I will never apologize, because what I said was the truth, accurate and verifiable. Over the past four years, the Minister of Finance has cut everywhere except there. Fifty-two per cent of the cuts he imposed have been made by the provinces in such areas as social assistance, post-secondary education, and health.

If he is capable of doing the math—and I have my doubts—let him look at the budgets since 1995 and he will realize these are the right figures.

The other source for getting public finances back onto an even keel: tax increases, and the employment insurance surplus made up of employer and employee contributions, 37% of the sacrifices and efforts to get our fiscal house in order. Now we are up to nearly 90%; 90% of the recovery has been from the most disadvantaged provinces, the poorest provinces, the average taxpayer. The percentage that is really connected to the Minister of Finance's cleaning up his own act is 10%. Ten per cent! And I should apologize for saying that he is not the one responsible?

Another point: I will never apologize to the Minister of Finance, because I am not the one who introduced Bill C-28. He is the one who did. Out of 464 pages, two paragraphs dealt with, deal with, a change to the Income Tax Act affecting international shipping companies and international shipping holding companies, like his. I should apologize?

I should apologize for having discovered that loophole in Bill C-28, an omnibus bill? Two paragraphs out of 464 pages, and I should apologize for the fact that the Prime Minister and the Deputy Prime Minister have been rising in this House for the past month to tell us that there is perhaps a doubt, an apparent conflict of interest. Mr. Wilson, the ethics counsellor, has said so. But there will be no light cast on this matter. They will even refuse requests from the four opposition parties calling for a special subcommittee of the Finance Committee to get to the bottom of this. And I should apologize for the lack of transparency? No way.

[*English*]

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, my question is for the backbench Liberals who wish to applaud this northern Ontario style budget.

The member mentioned there is something fishy about this budget. We have a major crisis in this country on all three coasts, the west, the north and the east coasts. There was not one single word, not even one attention for the people who are facing a major crisis in their lives. We are talking about hundreds of thousands of people in hundreds of communities on all coasts in the fisheries. There was not one single word in there about the crisis in the fisheries.

My question for the government of the day is why was that omitted from this budget.

• (1640)

[*Translation*]

Mr. Yvan Loubier: Madam Speaker, if I understood my colleague's comments correctly, he was talking to the Liberal members.

Mr. Michel Gauthier: He will never get an answer from the Liberals.

Mr. Yvan Loubier: No, he will not, but I would love to give him my own answers.

It is obvious that many people have been overlooked in this budget. Particularly overlooked were those whose sacrifices were responsible for this result, which is a good result, but this was not the way to go about it. What I really cannot sit still for is the Minister of Finance parading around telling anyone who will listen that it was his doing. And none of my colleagues in the Bloc Quebecois will sit still for it either.

He overlooked the most disadvantaged members of society, who are already affected by the scourge of poverty and unemployment. These are the people whose doing it was. There are the provinces too. They have also been overlooked. There was unanimity on that yesterday. All Canadian provinces, particularly the finance minister, and Mr. Galganov—

An hon. member: Mr. Romanow.

Mr. Yvan Loubier: Mr. Romanow, not Galganov. Let us forget him; he is history. Nobody mentions him any more.

Mr. Romanow, who even claimed to be speaking for the premiers of all Canadian provinces, said they felt they had been taken for a ride, because they were the ones who did the work, who made the cuts, by order of the federal finance minister, and who are seeing the finance minister pocket the dividends rather than distribute them to the provinces. It is hard to take.

When someone asks others to do his dirty work, when manages to make a profit somewhere and the dividends do not even show up in the budget out of a concern for non-transparency, when there are the surpluses, and not a moment's thought is even given to

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redistributing them to those who actually made them possible, that is hard to take, even for one's friends.

The Acting Speaker (Ms. Thibeault): It is my duty to inform the House that the amendment to the amendment moved by the member for Saint-Hyacinthe—Bagot is in order.

[English]

Debate will now be on the amendment to the amendment.

Ms. Alexa McDonough (Halifax, NDP): Madam Speaker, I rise on behalf of many disappointed Canadians across this country to register disbelief in the priorities of this government as reflected in its budget and the priorities in particular of the Minister of Finance.

In yesterday's budget the Minister of Finance talked about building a Canada for the 21st century. That is what he chose to title his budget. But he shows no sign of recognizing that cutting and slashing over the past four years in health, in education, in vital social services, in environmental protections have weakened Canada's foundation and the very fabric of the nation. The finance minister may make a great interior decorator but Canada needs a first rate general contractor. We need someone who knows the difference between rebuilding and redecorating.

It is unbelievable that this budget is silent on jobs. This budget is silent on health care transfers and it barely mumbles about poverty.

• (1645)

The government thinks that a scrap of wallpaper here and a splash of paint there will be sufficient to disguise the truth that Canada's foundation is not as solid as it needs to be.

When Canadians balanced the budget through health care cuts, through increased poverty and through lower incomes the finance minister and the Liberal government lost their last excuse to ignore the pressing needs of Canadians, the excuse of the deficit.

Earlier in the week we were heartened, we were actually encouraged, when the finance minister emerged from the G-7 meetings and proclaimed that this budget would address growing inequality in this country and that it would address unemployment.

What do we get in this budget? No targets for reducing unemployment; not for reducing unemployment by 1% a year or by any other target. There is no target for reducing poverty; not by one half, not by one third and not by any other target.

What targets do we have in the budget? We have the target to keep inflation in the same 1% to 3% band where it has been since 1991. The last time I checked inflation it was below 1%.

What is the level of employment? It is still hovering around 9%.

[Translation]

And what about our children? In this great country with its wealth of natural resources that claims to be progressive, 21% of our children live in poverty.

[English]

I want to give the Minister of Finance credit on one count and that is for targeting tax breaks to low and middle income Canadians. But he could have made better choices. He could have made more cost effective choices.

Across this country the GST is a burden on every single Canadian. The Minister of Finance could have introduced increases in the GST tax credit to provide some important and immediate relief. He could have exempted some basic necessities like home heating oil, children's clothing and school supplies. Not only would that have provided important tax relief, but accepted economic analyses make it clear that GST cuts would create more jobs than any other form of tax cut.

It is absolutely unbelievable, and I believe to the vast majority of Canadians unacceptable, that there is not one single new dollar in this budget for health care transfers. Let me say to colleagues opposite, no matter what this government may try to tell them, cancelling a cut in spending is not a spending increase.

[Translation]

Canadians have said on many occasions that the greatest priorities for allocating the budget surplus were health care, education and jobs.

[English]

I want to remind this government of its own solemn red book promise that 50% of any budget surplus would be spent on vital programs and services and the other 50% would be spent on debt reduction and tax reduction.

The fiscal dividend in this budget is \$6.5 billion, and 70% of that amount has gone to debt reduction and tax reduction. If this government had simply kept its promise, if this government had simply done what the Prime Minister said during the election campaign it would do and what the finance minister said again and again the government would do, then it would have invested another \$1.5 billion in health and other social transfers. That is the real priority for Canadians.

• (1650)

Do you know what else, Madam Speaker, is an absolute tragedy? If this government had kept its commitment to allocate 50% of the

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surplus for health and social spending, in the process it would have generated a great many jobs. We know how many jobs have been wiped out in this country over the last three years by the excessive slashing and cutting in health, education and other vital public programs. The government did not choose to do that.

I know the Tories and the Reformers are rejoicing at the Liberal acceptance of their priorities. But there are a great many Canadians who feel very badly betrayed by the decision of this government not to reinvest 50% of the surplus in health care and education.

I want to tell members of the House briefly about a letter I received recently from a young woman in New Brunswick. It is a woman I do not know. It is a woman with whom I spoke on the phone the evening before the budget. I wanted to call and talk with her about what would be in that budget, if it was to provide some kind of relief to her circumstances, to the situation in which she finds herself.

This is a woman with six years of university education. This is a woman with two post-secondary degrees. Like a lot of students, she has \$40,000 in student debt. In fact, like 600,000 young people under the age of 30 in this country today, she still does not have a job despite how hard she has worked, despite how much she has sacrificed.

As this woman reminded me in her letter, she did exactly what she was encouraged to do which was to work hard, to go into debt and then she would be sure to get a good job. Today that young woman is living with her parents, like a lot of others in her age category. Because she is living with her parents she is not eligible for social assistance. She is not eligible either for employment insurance. She is in default on her student loan.

I will quote directly from that woman's letter:

I have spent my life much like most people, searching for happiness. How is it possible if I cannot be proud? How is it possible if I cry myself to sleep every night and through most days? I am ashamed. I cry tears of shame. All I want is to be a person.

No matter what direction I look in, I do not see a light. I am no longer in the tunnel, I am at the bottom of a pit and there is someone piling on the dirt.

You know, if I was given that Senator's job—the one who never shows up for work—if I had his job, I would show up every day. I know what it is like to need work. I know how important a job can be in the role of feeding one's soul.

This budget ignores this young woman and this budget ignores a great many other young men and young women like her. Is there a job for these young people? Is there any commitment to relieve the poverty she is experiencing? Because she is earning no money none of the tax benefits introduced in this budget is of any benefit to her whatsoever. No millennium fund will help her in her current situation. The premium reduction for employees will not help her either because she is over 25 years of age.

This government refused to set any targets and timetables to help ensure that people like her would get back to work.

• (1655)

Disgracefully, the only real job initiative, the reduction of the employer EI premium on young people hired over the next two years, will only help to employ one half of one per cent of the 400,000 young people unemployed in this country today. The government's commitment to youth employment is window dressing at best.

Last week this government announced no new money for summer youth employment programs. There are 48,000 fewer young people working today than there were two years ago.

To recap, what do we have in this budget? No meaningful job creation; nothing new for children living in poverty; a millennium fund that will not start for two years and at its best will help only 7% of Canadian students, leaving 93% of those students without any help from that millennium fund; not a single new dollar for our health care system or for our education institutions.

This budget sets out the battle lines for the fight for a better world. Unlike this government, the Reformers and the Tories, our party believes that better world begins by investing in the institutions that give us a civil society.

This finance minister had the chance to make investments to fight social inequality and promote job creation as he promised. This government chose another way. It chose not to offer hope but to dash expectations. It chose to ignore the crisis of poverty and the growing gap between the super rich and everyone else in this country. It chose to paper over the problems in our society, the cracks in the very foundation of our nation. It made a mistake for which Canadians like my young friend in New Brunswick will pay the price.

Shame on this government. Shame on a government that can gleefully pat itself on the back for ignoring the problems at the very foundation of our civil society.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, you had not recognized me, but I am glad you did. Better late than never, as they say.

I was very moved by the words of the hon. leader of the NDP, especially when mentioned the young woman in New Brunswick. What her story tells us is that hope has to take root somewhere. People must be given hope that jobs will be created and poverty will be fought.

I congratulate the NDP on its decades old tradition of fighting for social justice, as was mentioned by my colleague from Kamloops regarding David Lewis.

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I would like my colleague to elaborate on two of the interesting ideas she put forward, although there were many. She mentioned targets and setting targets in the fight against poverty and unemployment. I wonder if she would expand a bit on these ideas, which are extremely valuable in my opinion, and could become a real policy on job creation and the fight against poverty.

[English]

Ms. Alexa McDonough: Madam Speaker, nobody kids themselves into thinking that by just setting targets and timetables for unemployment the problem is solved, that the work is done.

Surely this is a government that understands the concept of targets and timetables. The very manner in which this government went about tackling the problem of the deficit was to set clear targets, to set timetables, then develop a plan on how it would reduce the deficit and then measure progress toward those targets and timetables. Heaven knows we heard lots of self-congratulation when the finance minister was able to stand yesterday and announce that this year they were bringing in a balanced budget.

• (1700)

All we asked was that the government approach the problem of joblessness, the continuing problem of chronically high unemployment, with the same kind of determination that it has tackled the problem of the deficit. That requires that it set realistic targets, that it set a realistic timetable.

We are not trying to suggest that we have the formula that is guaranteed to succeed. What would be wrong with the government saying that it commits every bit of its might and muscle, all the resources at its disposal, to bringing down unemployment by 1% a year over the duration of its mandate? In other words it would commit to reducing unemployment to 5% by the end of its mandate.

There are some who will say that is overly ambitious. Do we have any way to achieve that? If we look south of the border unemployment in the United States is below 5%. If we look across the ocean at the U.K. it has an unemployment rate below 5%.

We certainly will not see progress in reducing unemployment if the government persists in bringing in budgets without any acknowledgement of the severity and the magnitude of the problem of unemployment and without setting any targets whatsoever for reduction of unemployment.

Most Canadians will be shocked when they learn, as they will, that the government is quite content with the projections for unemployment to remain above 8% until the new millennium. That is not what Canadians have in mind when they want a government that will participate in the rebuilding of Canada.

Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.): Madam Speaker, I listened with interest to the hon. member's criticism of the government's budget. She criticized us for not spending money here, there and everywhere. However she must admit that even Tommy Douglas and Bob Rae understood that in order to get the bankers off our back we needed to deal dramatically with the deficit and the debt, as has been pointed out in the House.

The hon. member also must admit that through the last couple of budgets the government specifically centred money and tax breaks on families and students wanting to get an education. It is recognized that those who have post-secondary education have a better chance of getting a job.

The government simply cannot throw money out there and hope that it will create jobs. It just does not work that way. We need Canadians with an education in jobs in the high tech area. The best way for us to help with this terrible situation is to help families and to help students get an education.

Is the hon. member aware of that? What is her answer to getting rid of the close to \$600 billion debt we now have?

Ms. Alexa McDonough: Madam Speaker, one of the frustrations about the procedures of this assembly is that we do not get to ask questions back. One thing I would love to be able to ask this hon. member is what happened between June 2, the day of the federal election, and the introduction of yesterday's budget that totally changed the commitment his government made to the people of Canada during the election campaign.

If it is so irresponsible for me as leader of the New Democratic Party to stand in my place and say that 50% of the budget surplus should have been reinvested in health, education and other vital services, why is it not irresponsible for the Minister of Finance and the Prime Minister and every Liberal member to prance around the country during the recent federal election campaign making exactly the same promise? They cannot have it both ways.

• (1705)

Mr. Bob Speller: Madam Speaker, I rise on a point of order. Certainly the hon. member knows that when that commitment was made it said over the course of a mandate.

Ms. Alexa McDonough: That just reflects how little he, his colleagues, the Minister of Finance and the Prime Minister understand the real priority and pressing needs of Canadians.

There is one heck of a lot of people who want to understand how the government could have turned its back on this commitment in this year when we have people lined up and trying to get into surgery when they need it. We have people on stretchers in hospital

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corridors. We have people who desperately need home care and cannot get it. We have people who desperately need prescription drugs and cannot get them. Why? Because the government rips away \$7 billion every year.

When some people hear those figures they think that \$7 billion is a lot of money but they guess the government had to do it. This is a government that is doing it year after year after year. It is literally killing people.

How could the government say it will do that later, that later it will reinvest some of the surplus dollars, but in the meantime decide to take up the cause of the Reform Party that says we should not worry if we end up with a deteriorating health care system and in fact we should not worry if we have to introduce a two tier health care system because somehow or other people will just get by.

This is a government that has a lot to answer for. One of the questions that it has to be prepared to answer is why it is prepared to turn its back on the priorities of Canadians. Why is it prepared to betray a promise it made during the campaign that 50% of the budget surplus would go to health care?

Hon. Jean J. Charest (Sherbrooke, PC): Madam Speaker, I join in the debate knowing that we are marking a very important moment financially for the country and for the economy. I want to speak to that right off the bat. I want to speak to the balanced budget and what it means. I want to use the opportunity to speak very clearly on what it is exactly that we are dealing with.

I join with all of those who look at the balanced budget and say bravo. Bravo, it is a good thing for the country to have a balanced budget. There is not a member in the House who would not agree with that.

However, I also want to make very clear why we have a balanced budget and recognize the soldiers on the front lines, Canadian citizens: low income citizens, those on a fixed incomes who have no choice but to pay heavily in income taxes. I also recognize the contribution of other levels of government.

If the federal Minister of Finance was in a room with the ministers of finance from the provincial governments, I doubt he would be patting himself on the back in the same way without having a very red face when saying to the provincial ministers of finance "I have balanced the budget". I think the answer that would come across the table would be "You what? No, no, no. I do not think you balanced the budget. Canadians did but you did it on our backs by cutting in health care and education". That is what happened here. As they do that they would also recognize that we have done our share.

This has been an almost 15 year effort. The government I was part of started that effort. This government has benefited a great

deal from a lot of these policies. History may record that the current Prime Minister leads the Liberal Party of Canada, but he certainly embraced the policies of the Progressive Conservative Party.

• (1710)

I look at this result and say bravo. How we got there is another issue, and I want to talk about that. I also want to say that there is some disappointment. One thing the Minister of Finance could have done yesterday is send a message of growth for the economy and hope for Canadians. I thought he would have done that by delivering broad based tax cuts.

We now have the answer. The path is set. Broad based tax relief is off the table and spending is back.

This is a budget of death bed repentances. Government members were forced to reverse a number of its key policy initiatives of the first mandate. This is a budget with no economic plan. There is no plan for growth, no targets for employment, no targets for job creation, no targets for tax reduction, no targets for debt reduction.

There is a target, though. I thought it was actually an ironic target. The only one they put out was a news release for the Bank of Canada yesterday. Guess what target they were able to agree on.

Was it one of their targets? No. I will read the press release. The second paragraph says that targets for reducing inflation were adopted in February 1991 by the previous government and in December 1993 the government and the Bank of Canada agreed to extend the targets. Of course history will record that the Liberal Party of the day criticized loudly the government of the day for having set that target.

Then they go on to say how low inflation is such a great thing. What else is new?

That target has been set, but there is no target in terms of debt. There are no targets in terms of employment. In fact, the government abandoned the practice of actually projecting what unemployment rates would be. I do not think it has the courage to tell the truth and to live up to that test.

This has to be the first government on record, by the way, record that I know of that is in a mad rush in the first year of its mandate to spend money. Most governments in the first year make the tough decisions on reducing spending and then try to ease them toward an election campaign with a little less pressure on the purse.

In that caucus, to give an indication of the mindset, they are in a mad rush to spend money right away. Quite appropriately today is Ash Wednesday and yesterday we were treated to a Mardi Gras of spending in the budget.

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The budget has lost sight of a number of the fundamental needs of Canadians. The government likes to talk about the fundamentals in the economy and to say that the fundamentals are right.

Let me share some of the fundamentals on Main Street Canada; some of the fundamentals of Amherst, Nova Scotia; some of the fundamentals that my colleague from St. John's hears about in Saint John, New Brunswick, or in Brandon, Manitoba; and some of the fundamentals in Markham, Ontario, or in Granby, Quebec.

These are some of the fundamentals that we hear about. Canada has the highest personal income taxes among the G-7 nations. The disposable income of Canadians has dropped 1.3% since 1993 but the federal government's revenues for personal income taxes have increased 23% in the same period. The real personal per capita income is more than \$4,400 higher in the United States than in Canada.

I hesitate to say that in the presence of the young page who is here. He is probably planning to move to the United States as he hears that.

Personal and business bankruptcies have reached record levels under the Liberals. Unemployment in Canada is double that of the United States. That is one of the fundamentals of the Liberal government.

We have the continuing tragedy of high unemployment for young Canadians with 400,000 young Canadians out of work. These are the fundamentals that we do not hear about, not in this place, not by this government. We only hear about them every day in Asbestos, Quebec. We hear about them in Pictou County but we do not hear about them here.

It is a government that also continued to waste a billion dollars to buy out a GST deal with Liberal governments in Atlantic Canada, a billion dollars to save face. It spent almost a billion dollars on Pearson airport, and \$500 million on a helicopter deal was wasted, down the drain. All this was to save face politically. It is a government of deathbed repentances that is now trying to fill in the holes it has dug for itself.

● (1715)

In the last Parliament it cut transfers to the provinces by 40%. Colleagues from the other parties will remember that as the Prime Minister looked the electorate in the whites of their eyes, his government suddenly discovered that it should back up a bit and cut the transfers to 35% instead. The cost of that was dramatic. By the way did it cut Ottawa? No. Spending in Ottawa has been cut by less than 2%. As the government reacquainted itself with the electorate, the cuts nonetheless go on.

Today in the House of Commons we talked about health care. The bottom line and the truth about health care are reflected in the

numbers from the Department of Finance on cash transfers for health, education and social assistance. Let me quote the numbers from the Department of Finance.

What does this budget mean for the province of Nova Scotia in particular? In fiscal year 1997-98 Nova Scotia will receive \$427 million in cash transfers; the next year in 1998-99, \$425 million; in 1999-2000, \$422 million; in 2000-01, \$418 million, in 2001-02, \$415 million; 2002-03, \$411 million in cash transfers.

I can only imagine that people in Nova Scotia must have been bewildered yesterday when they heard the Liberal premier, Russell MacLellan say that this was the best budget in 20 years. Surely he must have sounded a little funny because the Liberal minister of finance in New Brunswick actually denounced the budget. The Liberal minister of finance in Newfoundland and Labrador denounced the budget. The minister of finance in P.E.I. denounced the budget. The minister of finance in Ontario did the same, as did the minister of finance in Quebec.

Why does Russell MacLellan who is running in an election campaign as the Liberal candidate, the ambassador of the Liberal government in Nova Scotia, say that it is the best budget in 20 years? I say to Mr. MacLellan, please get off your knees. Start representing and defending the interests of the people of Nova Scotia. Since he cannot do that, John Hamm will do it instead.

I will give an example of the Liberal cynicism of this budget. Page 13 states: "Today we are announcing the largest single investment ever made by the federal government to support access to post-secondary education for all Canadians". The Liberals forgot to say that this was preceded by the biggest ever cut in post-secondary education.

And what is the consequence? Do not believe me. I will quote from a well-known document by this government: "In 1990, only eight years ago, the average debt load after a four year program was \$13,000. By next year it will have almost doubled to \$25,000. At the beginning of this decade, fewer than 8% of borrowers had debts larger than \$15,000"—and if I remember correctly, at the beginning of the decade a Progressive Conservative government was in power—"now almost 40% do".

Who said that? The Minister of Finance said that. There it is, the Liberal record. Even the Liberals cannot hide from the facts. This is the sad record of a government that has lost sight of priorities.

[*Translation*]

I would like to know how we got there. The government is also announcing a millennium scholarship program that will not be implemented until the new millennium—in two years' time—while students are facing an unprecedented debt load.

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Furthermore, as the Prime Minister acknowledged in the House today, main purpose of this program is not to help students but to increase government visibility. To be quite honest, I have nothing against the federal government's visibility. I am a federalist. I am proud to be a federalist. I am a Quebecker and proud to be one. That does not bother me, I am happy the federal government gets the credit it deserves when it makes its contribution, on behalf of taxpayers, of course.

However, when visibility becomes the prime objective, we have to say that they are turning an issue all too important to our society into a political football. I find that a disappointment. I would really like to know where the Minister of Finance was when he made these cuts to education and health care. Suddenly he wakes up, and the issue becomes important.

• (1720)

The best consequence, the most important one was noted by a woman named Sherry Cooper from the investment firm Nesbitt Burns. She made a very common sense remark, which will surprise you with its simplicity and truth. She said "What is the point of investing all that money in education and information if students earning their diploma head off to the United States to work because of high taxes here"?

[English]

What is the point? We have to ask that hard question. What is the point of investing in education and training if the students who graduate, because of high taxes and because of lower pay, leave Canada to work in the United States?

Apparently the Prime Minister will be in New York next week, hosted by a prestigious New York club. I can only assume it is to thank him. I can see it now. They will say "Thank you very much, Prime Minister, for everything you are doing for the United States. We cannot tell you how much we appreciate your paying for the education of these young people and keeping your taxes high and your productivity low so that these young people will come to the United States to work for us. We think it is the best thing you could have done for us. Thank you very much". That will be the message.

That tells us what is wrong with the government. I do not think its members realize the consequences which their lack of understanding has.

The government has also been cynical in the way it has turned the budget into a game. Now we are in the game of underestimating the revenues and overestimating expenditures.

The government is digging its hands deeper into the pockets of Canadians. How is it doing that? By deindexing the tax rolls it is able to get billions more in revenue from Canadians. The government does it insidiously. It says "We do not increase taxes, we just

take more money from you". It is all a technicality. It is called bracket creep.

All of a sudden we are supposed to have a surplus, but it is well hidden. The government even in the millennium fund cannot come clean. It has booked the money this year. In other words, it says to the indebted students "Pay this year. You will not benefit from it, but in two years from now the fund will kick in". That is something the government did with the innovation fund, which has been largely denounced by the auditor general.

[Translation]

This government lacks transparency in the area of employment insurance. The auditor general criticized them for using employment insurance to reduce the deficit, when the system was not set up for this purpose.

I would point out that in the budget the government boasts of reducing all taxes by \$7 billion over three years. Yet this same government is taking \$6 billion annually out of taxpayers' pockets. To my knowledge, this is the only government to establish an unemployment plan for Canadians. They create more unemployment, raise taxes, tax employment insurance and create unemployment. That is what their policies do.

When they are asked to reduce contributions, they say "No, that does not work. It will not create real employment". And yet, in the budget, they are doing just that for people between the ages of 18 and 24, for two years only. When they are asked why, it is "to create employment".

If it works for young people aged 18 to 24, would it not work for people aged 45 or 55? Why not do it for everyone who wants a job, since unemployment is too high in Canada? No. They believe only in minor measures, always in order to save face.

[English]

My party believes that it is time for Canada to get a strong plan for growth in our economy. We need to get our foot off the brake. What this means for us is lowering taxes. Lowering taxes by reducing EI premiums by about a third so we can create more jobs. Lowering taxes by increasing the basic exemption for Canadians to \$10,000 so we can allow lower income Canadians to earn more and buy more of the essential goods they need.

The 3% surtax should be eliminated completely. The government said "We have taken it off for the poor", but the middle class is still being hit. If there is one victim of this government and this budget it is Canada's middle class. They are getting whacked to the tune of billions of dollars. They are not going to get a break.

This is a government which had a great opportunity to launch us onto a new path, to close the chapter on deficits, but also to start us on a new path. It should have set a target for debt reduction so that

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we are able to measure our performance, so that we are able to live in a political environment where we can go to our neighbours and say "Together we need to limit spending, to keep it under control. If we do we will meet a specific target. When we get there we will be able to reduce taxes further". If we create that kind of a political environment we will all increase our chances of succeeding. Those should have been hard lessons learned in this budget.

• (1725)

Our party firmly believes that we need this plan for economic growth and that this budget is more than just about numbers. It is about values, it is about the choices we make. It is not good enough to shift the numbers around.

Some parties would say they would put more money into education, but then they would cut equalization. The position we have taken is that there should be more money put into education by building a new deal with provincial governments so that there is a health care guarantee for all Canadians, so that we can leave provincial governments alone.

I feel for the people of Nova Scotia today. I feel for the people of New Brunswick. I feel for the people in Yarmouth. I was with my colleague from Kings—Hants during the election campaign. Together we visited a hospital wing that was completely closed. Now the government is saying to the people in Nova Scotia there will be more cuts in the next few years. This is wrong. We need to change our priorities.

We believe in a plan for strong economic growth in this country. As we do that we can reallocate priorities. We can put the emphasis on education, health and guaranteed services to Canadians. It requires the political will, the vision and the foresight to make it happen, something that was not part of this budget, I am sorry to say.

I want to close by putting to the House, through unanimous consent, a subamendment to the amendment proposed by our Reform colleagues. This was put to our colleagues before. I hope today that they will see clear to offer some consent to a very useful amendment that would allow all members of this House to rise and vote democratically and take a position on this.

The subamendment we would put to the House for a vote, which we hope all parties would agree with and would give consent to would be:

That the amendment be modified by deleting the word "and" after the words "tax hikes" and adding after the words "tax relief" the following words "it continues to tax low income Canadians earning less than \$10,000, it does not set specific targets for reducing the national debt, and it continues to tax Canadians by stealth, by refusing to index income tax brackets".

Madam Speaker, you have heard the amendment to the motion. We feel that all members in this House would probably be glad to have an opportunity to rise in their place and speak on this and to vote on it. We actually anticipate enthusiastic consent so that we can all speak on this.

Mr. Myron Thompson (Wild Rose, Ref.): Madam Speaker, I rise on a point of order and ask you to inform me if I am incorrect. It seemed like yesterday we went through this process and that before you put forward a motion, you have to get the consent of the House. Is that wrong? That seems to me what happened yesterday.

The Acting Speaker (Ms. Thibeault): Does the hon. member have unanimous consent of the House to propose such a motion?

Some hon. members: Agreed.

An hon. member: No.

Ms. Bonnie Brown (Oakville, Lib.): Madam Speaker, I find this post-budget debate rather amusing.

We find that the party of the right, the Reform Party, is emphasizing the reduction of debt and lower taxes, which one expects. We find the party of the left, the NDP, wants us to spend more on programs. That is understandable also. But at least these two parties are clear where they stand.

• (1730)

We find the leader of the PC party still on the horns of the same dilemma he faced in the election campaign, finding most of his support in the maritimes, which usually want more spending, and yet still trying to pretend to be a party of fiscal responsibility. He suggested that the minister should have a red face. It is my contention that the Tory leader should have a red face for even pretending to comment on this budget after the mess the last PC government left this country in.

He suggested that we embrace the policies of the PC government. While it is true that the PC government articulated some of the policies which we have embraced and we have implemented, the problem for it was that it did not have the courage to implement any of those policies. That is why we were left 10 years later with a Canada pension plan that had not been revised. We are the party that had the courage to set the fiscal house in order.

The Liberals, they say, abandoned the policy of projecting UI figures. Of course we abandoned the policy of long term projections because Canadians had totally lost faith in long term projections after years of the Tories missing every projection they ever made. Our two year rolling targets are far more realistic because we have hit our targets and indeed have exceeded our targets.

He comments on the cost of Pearson airport. The Canadian people are happy to have Pearson airport now in the hands of a non-profit local airport authority where the profits are poured back

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into the public facility as opposed to lining the pockets of friends of the former government.

He suggested certain provincial finance ministers are condemning the budget. But we expect that because provincial finance ministers always want more money and more power. What we have to point out to the Canadian people is this. Yes, we did reduce the transfers to the provincial governments but by a percentage that was less than what we cut our own program spending by.

If the people, for example, in the province of Ontario are noticing a difference in health and education programming they might look to their own premier who cut that spending by five times the amount that we cut our transfers by. So they will be smart enough to lay the blame where it belongs, at the desk of the provincial premier.

However, my question for the leader of the Progressive Conservatives is this. When are we and his supporters, who are few but there in the west of Canada, in Ontario, indeed in my riding, going to find out whether he really stands for keeping the fiscal house in order and cutting spending or whether he stands for all the money to reducing the debt, or whether he stands for, as the people in Nova Scotia want, lots and lots of spending?

When is he going to be clear and honest with the Canadian people as to where his party sits on the political spectrum so that they can decide whether they support him?

Hon. Jean J. Charest: Madam Speaker, I would be happy to table in the House immediately a document entitled "A Plan for Growth". It spells out in great detail exactly where we stand on all these issues.

All members of the House of Commons can read it. So I ask for consent to table this document immediately.

The Acting Speaker (Ms. Thibeault): Does the member have the unanimous consent of the House to table the document?

Some hon. members: Agreed.

An hon. member: No.

Hon. Jean J. Charest: Madam Speaker, I ask you to rule on what I have just asked, the consent of the House to table the document. I cannot believe Liberal members would refuse after the question by the hon. member for Oakville. Surely they would not have the gall. I want to table what our position is. I want to do it for the record in the House and I think it should be published in *Hansard* so that all Canadians will have a look at it.

Madam Speaker, I am asking you to put the question to the House. I would be curious to find out which Liberal member would want to get himself on the record at this point saying no. Let us hear them.

• (1735)

The Acting Speaker (Ms. Thibeault): I again ask the House if it gives the hon. member its unanimous consent to table a document at this point.

Some hon. members: Agreed.

An hon. member: No.

The Acting Speaker (Ms. Thibeault): There is no consent.

Hon. Jean J. Charest: Madam Speaker, the parliamentary secretary to the House leader of the Liberal Party said no and I want the record to show that. It demonstrates the hypocrisy of the Liberals who have now embarrassed the member for Oakville. The Reform Party members did not say no. Why would they object? If they asked the same thing I would not object. Nor did the NDP or the Bloc. That demonstrates the hypocrisy of the Liberal Party. I am sorry that she has been embarrassed.

I am surprised that the member would actually want to rise and say that our positions are not known or that they just continued to have the courage to pursue the policies that we had brought forward but did not have the courage to implement. Does the member mean like the GST, the Pearson airport, the free trade agreement or the targets for inflation? What about when the leader of the Liberal Party of Canada guaranteed funding for health care and education in 1993?

When the member for Oakville said they reduced their program spending more than they cut the provinces, I am very sorry, but whether it is in percentages or in raw numbers, she had better check her facts. Maybe the parliamentary secretary would have the courage to get up and correct her, since he is now bent on correcting her today, and tell the truth to Canadians.

What is the truth? The government gutted health care and education after cynically promising that it would not touch it, that it would be guaranteed.

The last comment I want to make is that it is very imprudent for someone from Oakville to actually criticize the people of Nova Scotia, which she has done today. I would say to the member for Oakville that she would be wiser to let the people in Nova Scotia make up their own minds on their future and not sermonize them from the House of Commons. Their health care and education have been cut and they have a right to services also. They have a right to receive services from this government and from governments in the province of Nova Scotia. We will see how they speak in the next provincial election.

Mr. Myron Thompson (Wild Rose, Ref.): Madam Speaker, to make more time for my colleagues I would just like to ask a quick question. I know the hon. member who talked about the debt realizes that this big debt is a dark cloud hanging over this country,

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holding down unemployment and keeping taxes up high. This huge debt has put us in a desperate situation.

I remember back in early 1990 when the member's government was in control it brought in the famous GST. There was a big debate nationwide on that and I think about 90% of the people did not want it, I suggest, based on petitions and all that. One of the members who used to be in this party now sits across the House because of that situation.

I remember distinctly, loudly and clearly, a person by the name of Michael Wilson saying—being an old Conservative I was very interested in what he had to say—every penny from the GST will go to tear down the debt.

All I have to ask this member is what in the world happened? It went up faster and greater than ever.

Hon. Jean J. Charest: Madam Speaker, actually I appreciate the opportunity to engage my colleague from Wild Rose on this issue because there is a lot of rhetoric around. Let me try to present the facts in as straightforward a manner as I can.

When this government was elected in 1984 it faced a very serious problem of high deficits and debt. In fact, the deficit relative to GDP, the size of the economy, was about 8%. We then engaged in the process of reducing spending because average Liberal government program spending, which the member from Edmonton will know, in the last 10 years before the election of the Progressive Conservative government in 1984 increased 14% a year. Guess who was minister of finance?

We engaged in the process of turning the ship around. I am sure the member for Wild Rose will appreciate that does not happen overnight. Let me set down for him some markers that indicated real progress. The federal government started to balance its operating budget as of 1987.

● (1740)

What is the operating budget? I will take a second. It is the amount that comes in in revenue and what we spend on programs and excludes interest on the debt. From there on what we dealt with was the leftover debt, mostly of Liberal governments.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I am certainly very proud to rise on behalf of the government in this debate to highlight our dramatic, in fact historic, balanced budget and our budget of balance.

Up until yesterday one in every three Canadians, everyone under 27, had never seen their federal government deficit free. As this House will see, the era of credit card governance is over. One would have to be almost 50 to remember when Canada was deficit free for three consecutive years. We are changing that too.

Starting now and with the 1998 budget, we announced our commitment to balance the books this year and continue to balance the books for each of the next two years. In other words, Canada will enter a new millennium with the type of positive financial performance we have not seen in a half century. That is a milestone, a new beginning and it is worth celebrating.

It is no surprise that the official opposition and other opposition parties are standing in their place today ranting and raving that we have not gone far enough or fast enough, whether it is cutting debt or cutting taxes. Let me refer to a word that the leader of the official opposition has never heard of, let alone understands its meaning, balance. That is a word they do not like, it appears.

I remember how members opposite consistently attacked our approach in each of our past budgets, an approach that combined real fiscal discipline with reasonable, responsible investments in areas of strategic economic benefit and for Canadians in jeopardy and in need.

It is no wonder that today's budget leaves a very bitter taste in their mouths, because the results of our approach are clear, concrete and convincing.

This government not only balanced the budget but took a balanced approach. Unlike the Reform Party which continues to put forward programs of extremes, this government has chosen to take a balanced plan for the future.

Today we heard the leader of the official opposition say that his party has a national job strategy. That is what he said. But we know what the name of this job strategy is, Reaganomics. It is called voodoo economics of the 1980s. It did not work then and it is not going to work now.

I think what we need to do is look at the facts of our balanced approach. These are the facts. Canada's pace of economic growth and job growth is positioning us as a world leader among the major industrial nations. Our deficit performance is absolutely the best of any G-7 nation. That is the benefit we get from a balanced approach.

It is an approach that the 1998 budget sustains. It combines continued fiscal progress through our debt repayment plan with a program of general tax relief and investments in learning and skills, in helping to manage student debt, in aiding children in need, in boosting research and in funding to provinces for health care and education.

What I want to focus on is our fiscal track record, because it is our success as financial managers that has made possible these tax cuts and strategic investments.

Achieving a balanced budget this year means that the deficit has in fact declined by \$42 billion in just five years. This dramatic turnaround is the combined result of two factors. The first is the sharp drop in federal program spending due to our review of all federal programs. Program spending this year is estimated at \$106

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billion, down from \$120 billion in 1993-94. That is real cuts in real dollars. Second, the deficit has been cut thanks to higher budgetary revenues, primarily from a growing economy.

Taken together, these factors highlight a dramatic transformation in Canada's economic and fiscal policy. In 1993-94, high deficits were pushing interest rates up and depressing economic activity.

• (1745)

This meant higher interest charges on the debt, fewer jobs for Canadians and, in turn, lower revenues for government, creating further deficit pressure. It was a vicious circle.

Today Canada enjoys the benefits of a virtuous circle with fiscal progress contributing to lower interest rates which in fact fuel economic growth and job creation, leading again to an ever improving fiscal situation.

As the minister told this House, while we have won a major battle, we understand full well that we have not yet won the war. Interest charges on our debt, the result of decades of deficits, will cost us \$41.5 billion this year. That is money that cannot go to health care or further tax reduction or addition debt reduction.

For a strong economy and a secure society, this debt must be brought down. Our commitment is to make that happen, steadily and permanently. That is why we are instituting a two track strategy.

First, we will continue to follow policies that will pay off in better economic growth. Second, we will bring down the absolute level of debt itself through the debt repayment plan.

Under this plan we will continue to present two year fiscal plans based on prudent economic assumptions. Next, we will continue to build a buffer into our budgets. The \$3 billion contingency reserve is there to make sure we meet our balanced budget targets despite any unforeseen pressures.

Finally, if the contingency reserve is not needed, just as it has not been needed in each of the last four budgets, thanks again to our prudent economic assumptions, it will go directly to pay down the debt.

Again, as the minister said, this is how since coming into office we have brought the deficit down year after year after year. This is how in the future we will bring the debt down year after year after year.

An hon. member: We heard that before.

Mr. Tony Valeri: The hon. member opposite says he heard it before. He is quite correct. He has heard it before because it is a program that was put in place to eliminate the deficit. That is in fact what has occurred.

Every day over the last number of years the opposition party would stand up and say that we would never accomplish the elimination of the deficit. Yesterday those members sat in their seats and listened to the Minister of Finance state unequivocally that the budget will be balanced this year, next year and the year after precisely because we put in place a strategy to eliminate the deficit in a very balanced fashion, not by the extreme programs that the opposition party is putting forward, tax cuts at any cost.

Although we do have to listen to the rhetoric, and I am attempting to lay down some facts, I hope the hon. members will stand in their places and say that the deficit strategy the government put in place was a successful one which has accomplished that objective one year ahead of schedule of what the Reform Party had actually indicated in its election platform.

In a very important way, the reduction of the debt has actually begun. In 1996-97 the combination of economic growth and fiscal restraint meant that the debt to GDP ratio, what we owe in relation to what we produce, fell significantly for the first time in more than 20 years.

We all agree in this House that level is still too high but everyone must admit in this House that the trend is going in the right direction. We will continue to bring down the debt to GDP ratio. This year it will drop even further. Over the next two years the improvement will continue, falling to about 63%.

I will return to the topic of debt but for the moment I want to step back to our current deficit success.

• (1750)

I think it is worth comparing our federal financial performance with how other major industrial countries are handling their fiscal challenges. In Canada we use the public accounts method of measuring public finances. It is one of the most rigorous in the world. It is rigorous because it includes all the liabilities which government incurs over the course of a year. Many other countries such as the U.S. and Japan use the financial requirements measure. This includes only the borrowings that the government makes in financial markets. According to this measure Canada is in the best fiscal health of the G-7.

It is worth repeating that when we use the financial requirements measure Canada is in the best fiscal health of the G-7. This means that by the time the federal government of the United States sees its first balanced budget we will be on our third. Meanwhile, all the other major industrial economies will still be running deficits.

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This is a reflection of the sacrifices Canadians have made to support and ensure that we were able to get the deficit under control.

There is an even more important way in which our fiscal progress has real meaning and real benefit for Canadians. The improved position of governments, combined with the federal government's commitment to low inflation, has played a key role in allowing interest rates to drop to a near 30 year low. While international pressures have squeezed rates up somewhat, today they are still more than 3 percentage points below the level of early 1995.

This is a bottom line win for Canadians. It means that someone who is renewing a five year \$100,000 mortgage today will save \$3,000 a year compared to just three years ago.

There is one final area of strong performance I want to touch on. As I said earlier, an important element of our fiscal renewal has been our government's action to control program spending. Over the last three years it has dropped in absolute dollar terms, a discipline unprecedented in at least 30 years.

But the growth of Canada's economy, combined with the fiscal turnaround we have put in place, means that we can now afford to begin to make strategic investments such as the Canada millennium scholarship and to increase provincial transfers to the Canada health and social transfer.

Our commitment to restraint is strong and secure. The fact is program spending will continue to fall in relation to the size of the economy. It will continue to reflect the priorities of Canadians, continuing the process we started some five years ago.

At that time total program spending stood at almost 17% of Canada's GDP. This year we estimate that it will be down to 12.4% of economic activity. By the year 1999-2000 it should drop to 11.5% of the economic activity, the lowest level in 50 years.

We must remember that is the year when, based on our fiscal targets and prudent planning, Canadians will see their third balanced budget in a row. That has not happened in almost 50 years.

Four years ago we established a plan which is working. For the first time in 30 years the budget is balanced. For the first time in 50 years we will balance the budget for three consecutive years. This budget is simply the next stage in that plan and it continues the same balanced approach for the future which has worked over the past four budgets.

We will pay down the debt as we have paid down the deficit. We will invest in critical priority areas like education and health care.

We will cut taxes, beginning with middle and low income Canadians.

There is no doubt about it, with this budget we have made choices. They are choices that reflect Canadian priorities and that reflect the same balanced approach that we have taken all along. This is a budget for the Canadian people. The days of overspending and overreaching are gone. We have brought the deficit down from \$42 billion to zero and we will continue to live within our means.

• (1755)

The only reason we can realistically talk about tax cuts is we have managed to get the books balanced. The measures announced in the budget will affect 90% of Canadian taxpayers. Four hundred thousand low income Canadians will be removed from the tax rolls altogether and an additional thirteen million Canadians will see their federal taxes drop. All along, this government has not once raised personal income tax rates. Where we have raised taxes, we have been sure to do so in the interests of fairness as with the special surtax on the banks.

The Canadian opportunity strategy is a comprehensive strategy that focuses on expanding access to opportunities, to knowledge and skills that Canadians require to meet the challenges of the 21st century. For a student today hoping to enter post-secondary education, it is about the 100,000 millennium scholarships that will be awarded each year.

For more than one million Canadians paying off a student debt, it is about tax relief for the first time ever on the interest portion of their student loans. For adults who are hoping to return to school or acquire new skills, it is about tax free access to their RRSPs. For parents or grandparents, it is about the Canada education savings grant to help them save for the education of their children and their grandchildren.

The millennium scholarship fund will provide 100,000 scholarships a year to students in every province and every community, with up to \$3,000 per year for full time and part time students, young Canadians and adults at universities, at community colleges, at technical schools and vocational institutes. It is all about increasing access to knowledge and skills. It is about preparing for the next millennium. It is about reflecting Canadian priorities.

The way we set up the millennium scholarship fund is a reflection of what we believe. It is something we felt was so important that it should be taken out of the hands of politics and put into the hands of experts. That is why we are setting up a private foundation to administer the scholarships. Over time we may attract private sector endowments so it can grow and help even more young people.

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All governments have an obligation to provide better access to skills and knowledge. We are not about to stand aside and ignore that obligation. It is not about jurisdiction or turf. It is about our future.

What we have been able to achieve over the last four budgets is a result of the hard work of Canadians. Members in this House often make reference to the fact that this government boasts about its success. Government members on this side of House state unequivocally that our success in our war with the deficit is a result of the sacrifices Canadians have made, of the partnership Canadians have struck with this government, of the support Canadians have given this government over the last two elections to deal with the fiscal questions and challenges we have had to deal with.

This budget marks an historic moment. It makes possible what many thought was not possible. Most important, it is a budget that shows Canadians that their support for our deficit fight and their willingness to endorse and accept the tough decisions we had to make was not misplaced. This is their success and the rewards it produces will be theirs and their children's.

• (1800)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I listened carefully to the speech by my colleague, the Parliamentary Secretary to the Minister of Finance.

There were some things I found surprising. First he said: "My government accomplished this; my government accomplished that. We took priorities into account; we did a good job, and so forth". He should perhaps quit reading the notes the Department of Finance gives him, just as he should perhaps quit taking his orders from the finance minister in committee.

He should perhaps actually take a look at the budget documents and do a little evaluation of what has gone on for the last four years and will continue to go on until 2003.

In 1995, his Minister of Finance introduced a plan of major cuts. Only once did he speak about it. Every year, another \$6 billion is cut from social programs, university education and health care.

For the information of my colleague, who does not seem to be informed at all, or who tells us only half of what he knows, there are still \$30 billion in cuts to be made by 2003, and they will be in those very sectors of university education, health and welfare.

If they are really concerned about education, as one of the keys to the future, the first thing the finance minister should have done, and did not do, was to give back what he cut in the university education sector. But no. They take this year's surplus, around \$3 billion, put down \$2.5 billion this year for the millennium fund

scholarships, when these scholarships will not actually be given out for another two years, and the public is given to understand that they are concerned about student indebtedness.

All they are concerned about is their visibility as a federal government. During Oral Question Period, the Prime Minister made it clear. So did the Minister of Human Resources Development in the scrum.

The millennium fund, he said, was not about arguing, but about the future. How is it that the constitutional issue of Quebecers' freedom of choice, a constitutional fact of Canadian life, has been referred to the supreme court, and our right to exercise this freedom under the Constitution is being questioned?

Does he think the Constitution need not be applied in the educational sector? They claim to be defending this Constitution and to be betrayed by our democratic right to choose our own future as Quebecers. It is no big deal, but they refer it to the supreme court. That is my first question.

My second is as follows. Does he realize, on quick calculation, that, in the past four years, 52% of the cuts imposed by the Minister of Finance were absorbed by the provinces? They are the champions and the artisans of improved public finances. The taxpayers' contribution was 47%, through taxes, through the non indexing of tax tables, through the Minister of Finance's systematic robbery of the surplus in the unemployment insurance fund of between \$6 billion and \$7 billion a year.

In the end, his Minister of Finance, the good manager, cut 11% from federal government operations. Some manager. He should stop parroting the words and political lines of his minister and take his duty as a member of Parliament to heart.

[*English*]

Mr. Tony Valeri: Madam Speaker, we have started to hear the rhetoric heat up a bit. To address a couple of the points that were made, the budget yesterday reflected the balanced approach, the approach that worked for the government and worked for Canadians since 1993 in achieving our successes.

When it comes to the issue of the millennium scholarship fund and the issue of jurisdiction, the federal government has always had a role in access to education. It is a role that the government has continually stated, in fact with the announcement of the millennium scholarship fund, is not about jurisdiction or turf.

If the hon. member were to go to Quebec and speak to young students who are looking to gain access to university, he would know they are not concerned about jurisdiction or turf. They want solutions. They want to have some hope. They want to have some access to skills training because they know these are types of skills they will need to compete in the next millennium.

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• (1805)

The government has responded to the priorities of Canadians. I think we would find across the country that the whole learning strategy, the opportunity strategy, is one that is well received by students, by Canadians interested in lifelong learning, by parents and grandparents who want to put money aside for their children.

Everyone realizes, regardless of what level of government, that we have to do our very best to ensure that each and every Canadian has equal opportunity to learning and skills training.

Mr. Gordon Earle (Halifax West, NDP): Madam Speaker, the hon. member on the opposite side said that members on this side of the House should stand in our place and say that the deficit plan has been successful. I would say that whether or not we determine the deficit plan has been successful depends on how one measures success.

If we measure success by the high number of people who are unemployed, perhaps the plan has been successful. If we measure success by the large number of young people who need help and who will not be able to receive help under the budget, perhaps we can say it has been successful. If we measure success by the large number of people lining the corridors of hospitals trying to get proper health care, by the large number of people who are unable to afford pharmacare and proper medicines, or by the large number of seniors who are concerned about their future, perhaps we can say the budget has been successful. If we are looking at the large number of federal government employees who are still seeking pay equity, not being paid their rightful due, perhaps again the government has been successful. If we look at the large number of people working in shipyards who are not able to have a national shipbuilding policy that will address their concerns, perhaps the government has been successful.

When we look Atlantic Canada and Nova Scotia in particular the budget does very little to address the concerns of the people in that area. There is nothing concrete offered to ease the employment concerns of the fishers on the east coast. No substantial relief is offered to young people currently experiencing high student debt load.

We talk about the millennium fund which will not kick in until the year 2000 and then will only help about 7% of the students in the area. The budget has no new job creation strategies. It has no targets, as has been mentioned. There is no new investment in health care.

The government mentioned choices and talked about them being the choices of Canadians. We could look at the large number of Canadians who have not been consulted or dealt with in a real partnership. I am speaking about our aboriginal communities that year after year are refused admittance at the first ministers tables

and constitutional talks. Yet we talk about working in partnership. Have those people been considered and have they been consulted in terms of priorities for people when we say that this is a budget for Canadian people?

We talk about priorities. Yet, when we talk about priorities, we are not really talking about priorities for people but we are talking about the priorities the government determined were its priorities in meeting the budget deficit. It has been done on the backs of the people. When we talk about how successful we are, let us think about those people who have to worry about where their next meal is coming from.

I see that my time is just about up. I throw those remarks out to have them on record for a response by the hon. member.

Mr. Tony Valeri: Madam Speaker, we do not have very much time to address the number of issues that were brought forward.

I would like to reiterate the fact that the government, despite what some members in the opposition continue to state, does and will continue to invest in Canadian priorities. Health care and education consistently rank among the priorities of Canadians. Certainly the debt and tax relief with respect to low income and middle income Canadians are issues. We have taken steps. The child tax credit is a commitment that we fulfilled in the past budget and one that we will continue to work on.

I assure the hon. member that back in 1993 the finance minister put in place a consultation process that was unprecedented in this place.

• (1810)

We travel across the country on the Standing Committee on Finance gaining information from Canadians on what in fact should be included in the budget. I would only offer an opportunity for the hon. member to perhaps travel with that committee to hear from Canadians themselves.

Mr. Monte Solberg (Medicine Hat, Ref.): Madam Speaker, it is a pleasure today to rise to debate the government's budget. It is an important day. I think we would be negligent if we did not point out that this is an important day for taxpayers who have done a tremendous amount to bring the budget into balance for the first time in 28 years.

I am glad to note, as we began the budget debate on this day, that the finance minister acknowledged the tremendous role that taxpayers have played in bringing the budget into balance.

I have been listening to my colleagues opposite and I have noticed that they have used a few words over and over again. They argue that they have taken the balanced approach to this balanced budget.

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I want to scrutinize whether or not that is exactly the case by running through the three major aspects contained in the budget. The government talks about how it will deal with the issue of spending. It talks about how it will deal with the issue of taxes and the issue of debt.

Let us start with the spending side. That is where the government started. It is where its proclivities lie and it is probably one of the most interesting parts of the budget. The government is arguing that it is the balanced approach to increase spending overall in the budget by \$11 billion. We have not seen an increase in spending like that in years and years and years.

I simply want to make the point right now that we think at a time when the government has balanced the budget for the first time it is missing a glorious opportunity to deal with the fundamental economic problems of the country in a way that will fix them once and forever. By increasing spending it has essentially blown that chance, an \$11 billion spending increase.

I want to say a couple of words about how the government has spent that money. For weeks on end the government has been talking about the need to invest in education. It has been no secret that there would be increases in spending for education. Who can be against education?

We all agree that education is extraordinarily important, but I think a little history is in order here. I think we need to talk about just how much the federal government values education. We need to point out to taxpayers of Canada and to students that it was the federal government which took the broad axe to education funding in the first place.

I remember very well in the 1995 budget that the finance minister said they were to cut the size of government percentage-wise far more than they were to cut transfers to the provinces. He made a speech to the Kansas City Reserve Board saying that they were to make far deeper cuts to the size of government, trim fat, eliminate waste, before they would ever cut important things like health care and higher education.

It just wasn't so. Those were their words but their actions were completely different. The result was that health care and higher education suffered massive cuts, 35% cuts to the provinces to provide health care and higher education. This was completely unnecessary when there were all kinds of wasteful areas in government spending that they could have cut, things that are completely unnecessary.

It was bad enough that they did that two or three years ago. Now they want to be rewarded for riding to the rescue with a new education program. They want to be rewarded after the provinces have taken the hits. It has been the provinces that have had protesters on the lawns of their legislatures saying that they want to see more funding for health care, more funding for higher

education. There were never any protests here. The federal government got away with it basically scot-free.

Today those members want to come waltzing in to provincial jurisdiction and say that they will restore a fraction of the funding and they expect to be rewarded for it.

• (1815)

I want to point out in talking about the particulars of the millennium scholarship fund, just where we think this fund goes absolutely wrong. The first point is that the millennium scholarship fund will focus spending on about 6% of the students, leaving 94% of the students out there still looking for a way to get to university. We argue that if the government had taken that money and given it to the provinces, they could have used it to reduce the tuition costs and that would have helped all the students.

We think the millennium scholarship fund misses the point also in a very fundamental way. The issue is not so much that students in Canada are not well trained. We know they are. In fact we have got one of the highest participation rates in university in the industrialized world. The problem is not on the supply side. The problem is on the demand side.

I was talking a few minutes ago on a cable TV show with the hon. member for Red Deer. He pointed out that his children all attended university in Canada but they are all working in other countries in the world right now. Three children, one in Norway, one in Holland and one at Princeton.

Let me talk about his son who is at Princeton. Here is a young man who is a Rhodes scholar but could not find work as a professor in Canada. Why? Of course because we saw the federal government cut transfers to the provinces for things like higher education, making it almost impossible.

The government did talk about other areas as well, or other ways to aid higher education. Let us talk a little bit more about access to higher education, an important subject.

Government members have talked about ways that they would use the registered retirement savings plans to benefit people who want to go back to school. That is entirely laudable. We agree with expanding the use of RRSPs. RRSPs are a good idea. But the problem is people do not have the disposable income.

The problem again is not that the programs are not adequate. The fact is people do not have the income to participate in them. Which is why we are making the argument that we need to have lower taxes in this country, far lower taxes than we have today and far more than the government was offering in its recent budget. The registered education savings plan is another savings plan for education. But again Canadians just do not have the income to participate. We make the argument that if this government really

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wants to help education in this country, it has to address both sides of the issue.

On the one side we need to ensure that Canadians have adequate incomes so that they can put money aside to get their children into university. We need to ensure that transfers to the provinces continue. But on the other side we also need to know that there are jobs for those people. We need to know that when they graduate from university they can find a job so they can start to pay back those student loans. Unfortunately in Canada today where we have a youth unemployment rate of 16.2%, it is very difficult for many students to find jobs.

A study by Nesbitt Burns points out the huge difference in the tax rates between Canada and the United States. As a result so many of our students whom we have just trained at great expense are disappearing from this country and are going to the United States. And it does not end with the United States. It points out that people who are involved in computer sciences and it talks about all kinds of professionals, doctors, nurses, teachers and engineers, are disappearing across the border. It would be bad enough if it was only an economic problem, but I argue it is also a social problem. We are seeing families split up and that is extraordinarily unfortunate.

It was not very long ago that Liberals in this place would stand up and rip the Conservative government because our sovereignty was being taken over by the Americans. Today the Liberals are allowing our brightest and our best to go to the United States because they will not deal with the taxation problem in this country.

I want to talk for a moment about the debt side of the budget. First let me explain the situation for people. In Canada today we have a debt of \$583 billion. When my friends across the way came to power a few years ago they began the process of adding debt upon debt upon debt. They built the debt up by about \$90 billion while they were in government.

• (1820)

We now have this debt of \$583 billion. We pay \$45 billion a year in interest on it, one-third of every tax dollar. The average family pays \$6,000 a year in federal taxes just to pay the interest on the debt.

We have been coast to coast over the past several months talking to Canadians about how to deal with the problem of the country's finances. Without exception no matter what part of the country we go to people say with one voice "Please begin the process of paying down the debt".

Sadly in Canada today the government is taking the approach that the debt is not an issue. The government said in its budget that in fact it will only deal with the problem of the debt in terms of

paying it down if it has some money left over in its contingency fund. There are no targets set for debt reduction, absolutely no targets. The finance committee suggested that the government at least have a very lukewarm target of between 60% and 50% of GDP. It completely ignored that.

All the government has is this sort of halfhearted promise that if it can get to it, it will start to pay down money from the contingency fund toward the debt. That is simply not acceptable. Canadians today know that when we live in a global economy we cannot count on just being secure in our country when we know that an Asian crisis as there just was or a Mexican peso crisis can have a profound impact on us especially when our economy is teetering atop a \$583 billion debt, one-quarter of which is owed to foreigners.

We must begin to deal with the problem of the debt. Do not take my word for it. Listen to what some of the commentators have been saying about the issue of the debt in the wake of yesterday's budget.

Here is what the Canadian Taxpayers Federation is saying. Everyone well knows that is a very credible institution. My friend from Calgary Southeast used to head the Canadian Taxpayers Federation. It is saying "The federal government has also chosen to ignore the national debt and instead grow its way out of our debt woes. Debt servicing charges are actually going to increase over the next three years from \$41.5 billion to \$45 billion".

Andrew Pyle, chief strategist of ABN Amro Bank, is calling the government's debt reduction strategy lazy.

Finally listen to this quote "I think the market could be less than enthusiastic about a plan that puts less emphasis on paying down debt, particularly during a period of robust growth and low interest rates", said Aron Gampel, deputy chief economist with Scotia Capital Markets.

There are real problems with the government's approach to dealing with the debt. That is one of the chief reasons why we saw the dollar fall like a stone by half a cent right after the budget came out. That is a tremendous shock for people who were expecting something a bit better from the government.

We also point out that the debt has a real impact on Canadians' lives, when the debt is as high as it is and Canadian families are paying \$6,000 a year in taxes just to pay the interest on the debt. It hurts many innocent people. I point out again that it is Canadians who have balanced this budget and they are the ones who deserve to see some tax relief.

I want to address the final big aspect of the budget. That is of course taxes. I want to spend a bit more time on this issue than on some of the other issues.

Since the government has come to power we have seen the government introduce new tax increases 37 times. We now have a government that is going to be taking in approximately \$48 billion more in revenues by the end of its mandate than when it came to power.

We have a situation where we are seeing Canadians' disposable income fall like a stone, \$3,000 for the average family since the government came to power. This is added on top of 10 years of misery under the Conservative government where we saw 71 tax increases. There have been 108 tax increases in the last generation under Liberal and Tory governments. It even goes higher than that if we go back into the Trudeau era. It is an extraordinarily poor record on behalf of both Conservative and Liberal governments over the last many years.

• (1825)

Government members again are arguing that they are taking the balanced approach. They are saying "We are taking a balanced approach to spending" by driving spending up \$11 billion. That is the biggest spending increase in a generation. They are taking a balanced approach in not dealing at all with the problem of the debt. That is their argument. They are saying "We do not have to deal with the debt". That is the balanced approach.

Now they are saying that they are going to introduce \$7 billion in tax relief over three years, but that will not come anywhere near offsetting the huge increase in CPP premiums which took effect January 1. It was a huge increase. We saw the largest tax hike in Canadian history come in on January 1 and they have the gall to suggest that they are somehow reducing taxes.

That is not the end of it. We also know—and my friends will not deny this—that built in to the tax system is the phenomenon of bracket creep, which allows the government every year to take another \$900 million out of taxpayers' pockets. The taxation system is no longer indexed to inflation. Cost of living increases will push people into new tax brackets and the result is that they will pay new taxes. A lot of people do not even realize it is happening. The fact is, that alone will claw back about 50 cents of every dollar the government has offered in tax relief.

My point is simply that the government cannot argue that there is real tax relief in this budget. In fact the revenue which the government is collecting is going up and up on an ever climbing track. I would point out to my friends opposite that since the government took power in 1993, the year it promised to eliminate the GST, we are now seeing projections for GST revenue growth to be 46% higher than in 1993. That is extraordinary.

Due to bracket creep and increases in income tax, by redefining income in various ways, Canada now has some of the highest personal income taxes in the world. I pointed out earlier that we have personal income taxes that are 56% higher than the G-7 average, higher than those of our trading partners, higher than in

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Japan, the United States, the U.K., France, Italy and all the other countries. We are 25% higher than the OECD average.

We have seen incomes in Canada drop so dramatically that more and more families are having to have both parents in the workforce, one just to pay the taxes.

Our argument is that it is time for a change to the approach the government has brought to us. We do not think its approach is balanced at all. We think it punishes the very people who balanced the budget. We think it is time to give Canadians, if I dare say it, a fresh start. We think it is time to secure their future.

I am not going to ask my friends opposite to take my word for it. I want to quote from some letters which the Reform Party has received. This is a letter from someone who lives in Nova Scotia:

Dear Mr. Manning,

Recently I read about the help you gave Kim Hicks in Sackville, N.B. It is nice to see that you are listening and willing to help people in her situation. There are many people that need your help to influence the government to lower the tax burden on ordinary Canadians. Please find enclosed my documentation which says a great deal about how government taxation policy is hurting me and many others. If this information is useful to you, please use it.

He goes on to list his payroll stubs. The letter continues:

—note that my taxable earnings for 1996 and 1997 are nearly the same; a difference of \$33.60 between the two years. The big difference is that in 1997 I paid \$647.07 more taxes than in 1996 on gross income that is nearly the same.

• (1830)

Our point is simply this. Ordinary Canadians are paying an extraordinarily high price for the policies of the government. We think it is time to devote an equal balance between debt reduction and tax relief to help Canadians secure their futures and to give them the real hope that only the Reform Party can truly give them.

The Deputy Speaker: With the enthusiasm the hon. member has generated in his speech, there will be 10 minutes for questions and comments on this speech when the debate on the budget resumes. I believe that will be tomorrow morning at 8.30. I am sure the hon. member will want to be here for questions and comments.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

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TAXATION

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, my hon. colleague from Medicine Hat was speaking moments ago about the bracket creep which is a serious systemic flaw in our tax system.

I raised a question in this place on November 18 last year of the government about a revenue department report, which had been released the previous day, indicating income taxes paid by the average taxpayer went up by 10% largely because the government had kept in place Brian Mulroney's hidden tax grab called bracket creep which the OECD says is hammering our economy. I went on to say that if the finance minister will not commit to broad based tax relief, will he at least commit to stop raising taxes through the hidden tax grab called bracket creep.

I look forward to following up on that question today. As the hon. member mentioned, in the budget released yesterday there was a claim that there was tax relief for Canadians, particularly low and modest income Canadians. In fact, when one takes into account the effect of the deindexation of the tax brackets, this sneaky, back door, malicious tax increase imposed on Canadians by the Tory party in 1986, one will find more Canadians paying taxes next year than they did last year and more Canadians paying more taxes than they ever did before.

This is how bracket creep works. The basic exemptions in the tax system and the marginal rates are only indexed for inflation over 3%. We have had inflation, fortunately, under 3% thanks to the strict monetary policy of the Bank of Canada for several years now. This means that in all the natural wage raises that people get, they are getting bumped up into the tax brackets which they previously did not have to pay. This is why Canadians are now paying taxes on just \$6,500 of income.

The leader of the opposition said in this place that these taxes are hidden and sneaky. You don't really notice them until you get the bill. They are practically invisible. However, the sneakiest tax increase of all was the deindexation of personal income tax. The minister keeps quiet about this. The finance minister did not even mention it in his budget this year. It is a very simple decision that will cost Canadians billions of dollars more annually but he kept quiet about it. Here again, low and middle income Canadians will carry the heaviest burden.

The leader of the opposition went on to say that such underhanded and clandestine deindexation represents the most massive and heavy tax increase in Canada's history. It will cost Canadians billions of dollars. Sneaky, hidden, silent and automatic.

That was not the current Leader of the Opposition. That was the Right Hon. John Turner in this place on February 20, 1987. That was the former leader of the Liberal Party of Canada.

Another Liberal member at the time said: "The finance minister told us there was no tax increases in this budget. That statement is false because taxes are going up in this country because of the deindexation of deductions which this government has done in its past budgets".

• (1835)

Which Liberal member said that? It was the hon. member for Kingston and the Islands. I gather he is still a Liberal member. Mr. Speaker, I can share your outrage which is why I close with a request for the parliamentary secretary to justify why this government is taking billions more out of the pockets of Canadians, and I know you will join me today in that request as you did in 1987, Mr. Speaker.

The Deputy Speaker: The hon. member presumes a little on the Chair.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, with respect to the change in personal income taxes paid in 1995, I urge the member to be a little more careful in his analysis of the tax trends. In comparing the tax burdens between 1995 and 1994 the member does not consider the one time increase in capital gains income reported on 1994 tax returns made in anticipation of the elimination of the capital gains exemption.

As a result, an unusually high amount of capital gains exemptions were claimed in 1994 which lowered the overall tax rates in that year to below normal levels. Any comparison between 1994 and the more typical 1995 average tax rates which does not take into account this fact exaggerates the rise in tax between these two years.

Growth in federal revenues since 1994 is primarily due to an increase in economic activity as reflected in the annual nominal GDP growth in the range of 4%. As we witnessed yesterday, this government has taken the first step to reduce taxes for lower and middle income Canadians.

The Reform Party may think that tax relief for 13 million Canadians, for low and middle income families, for single mothers and working parents, for 90% of taxpayers is a waste of time, but we do not.

BANKING

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, in question period on November 25, I raised the issue of the need for a community reinvestment act in Canada. At that time I asked the finance minister why, if the United States has a community reinvestment act and if Canadian banks such as the Bank of Montreal have to live by its provisions when they buy American banks like the Harris bank in Chicago, we could not enact a community reinvestment act in this country.

The Liberal reply was right out of the briefing book supplied by the Canadian Bankers Association to all members of Parliament. I wish his officials would expand their reading list a bit on this topic. He misstated the purpose of a community reinvestment act and implied that it would ghettoize parts of Canada in terms of loans and investments made by the banks.

I will explain what a community reinvestment act really is for the secretary of state in the House. I will also explain why the New Democratic Party advocates this policy. When the Bank of Montreal wanted to buy the Harris bank in Chicago in 1993, U.S. regulators delayed approval until it met obligations under the American community reinvestment act to provide loan funding for small business and community development in the Chicago area. Eventually about \$497 million Canadian in loan commitments was made to local housing projects and area small business over a five year period.

This idea has never been more relevant with the announcement of the monster merger of the Royal Bank and the Bank of Montreal. According to last Saturday's *Globe and Mail*, 206 communities in Canada rely solely on either the Royal Bank or the Bank of Montreal for banking. Matthew Barrett of the Bank of Montreal said yesterday that none of them will close but I think there are 206 communities in Canada waiting for the other shoe to drop.

Other banks are pulling out of communities. In January, on the day it announced record profits to its annual shareholders meeting, the CIBC closed a branch, the only financial institution in Lynn Lake, Manitoba. A Braxton Associates study last year estimated that 5,700 bank branches will close over the next decade, putting as many as 35,000 employees out of work. We will start to see bank branches in small communities closing as fast as post offices. The merger mania is one of the reasons these branches will close. It is a sad commentary on the declining attention being paid to the needs of rural life in Canada.

A community reinvestment act makes financial institutions accountable for their behaviour in our communities. It requires the banks to invest in the communities deemed in need. In the U.S. banks have to prove they are meeting the credit needs of small business, community economic development and low income residential mortgages. They have to keep lending statistics on loan requests, denials and approvals, and report their record in lending to visible minorities, women, low income neighbourhoods and so on.

It requires those financial institutions to commit funds in order to meet these needs and to work together with community groups and businesses to make plans for doing so. It is not rocket science. At first, U.S. banks did not like the idea but now they have found they have very low default rates on residential mortgages. Matthew Barrett knows all about it. He had to comply with these regulations before he bought the Harris bank in Chicago.

Adjournment Debate

• (1840)

My point is this. We need jobs in Canada. We have a higher unemployment rate than in the U.S. Banks are making record profits in Canada but they are not investing in small businesses that create jobs or meeting their responsibilities to smaller communities in Canada. In the U.S. they have to do it by law.

Here is one way for them to do it. Why does the government not consider this idea?

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, the availability of credit to the small business sector remains a critical issue for this government.

We are very aware of the importance of the small business community and its impact on our domestic economy. That is why the government has worked hard over the past few years to improve the environment for small businesses in Canada.

The views of the task force on the future of the Canadian financial sector will be helpful to the government in deciding whether to approve or reject the particular merger transaction.

I would like to assure my hon. colleagues in the opposition that this government will not allow this merger to proceed without the understanding of its impacts on the small business community in Canada and without the full input of all Canadians, including the small business community.

We said from the beginning that this government will not allow any financial institution to jump the cue. We set a process in place. That process was to allow the MacKay report to report. Once the MacKay report comes back to this House, the standing committee on finance will tour the country.

I offer the invitation to the hon. member who brought this question to the House to join us to hear from Canadians and to have input into what this government is prepared to do with respect to the merger of any financial institutions in this country.

[*Translation*]

SPIRIT OF COLUMBUS PLATFORM

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, on the last day of the session before the holidays, or December 11, 1997, I questioned the Minister responsible for International Trade about what was happening about the guarantee of funding for the Spirit of Columbus platform, which MIL Davie had managed to bring in after several months of efforts.

That platform has been anchored in the port of Quebec since August 30 of last year, but the wait on the guarantee of financing from the Export Development Corporation, which reports to the

Adjournment Debate

Minister of International Trade, has been going on for more than a year.

As the minister's response was not very helpful, I am back at it again today to try and get some more details.

The minister said:

I spoke with Mr. Landry some months ago. I directed the EDC to speak with the Quebec SDI. Meetings were held. He had spoken with the MIL-Davie union president.

The federal government feels this is a very important undertaking. I respect the recommendations made by the EDC and the SDI on behalf of the governments of Quebec and of Canada.

We have been waiting ever since. From time to time in this House, every couple of months, I bring it up again. I know this is a complex matter, but we are now at the end of February, and next week the House adjourns. Dominion Bridge, which owns the shipyards, is doing everything it can. It has even got new investments from American ECO, which is currently discussing a take-over of Dominion Bridge, and therefore of the yards.

There are two other platform projects, each costing in excess of \$100 million, Amethyst II and Amethyst III, for which applications have been made. The Government of Quebec is prepared to contribute. As long ago as September 20, the SDI had given its agreement in principle for this project. Now that we are talking in excess of \$300 million for these platforms, we are still waiting on the federal government and the Export Development Corporation to find out what is going on about the guarantee of financing.

I would like to give a quick review, in a few seconds, of one other Liberal government commitment. In 1993 it had promised a summit on the future of marine construction in Canada. This was picked up on by then New Brunswick Premier McKenna who reminded the government of it at a federal-provincial conference before his resignation.

Now here we are in 1998, 5 years later, and there is no sign whatsoever of a symposium or summit on marine construction in Canada.

• (1845)

[English]

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, the Export Development Corporation, EDC, has been in regular contact with Davie Industries, Société de Développement Industriel du Québec, SDI, and the other participants in this transaction.

EDC has provided two separate financing options to the project sponsors in support of the Davie contract. The first was dated June 17, 1996 and the second, October 10, 1997. Both proposals, however, have been put aside by the project sponsors that would

like EDC and SDI to participate in a structure which the sponsors have engineered.

Unfortunately, following a detailed review by EDC and SDI it was determined by both that the project sponsors were asking EDC and SDI to assume unacceptable commercial risks.

Regardless, upon the request of Davie Industries, in conjunction with EDC and SDI, we have continued discussions on this transaction. At the present time EDC and SDI are working on a viable financing structure in co-operation with Davie Industries and the project sponsors.

It should be emphasized that EDC is a self-sustaining crown corporation operating at arm's length from the government and is not part of the government per se. We also want to make it very clear that EDC could act quickly to implement the financing question once a structure has been agreed to.

EDC appreciates the urgency Davie Industries faces in having to secure financing for this project. We await an acceptable proposal.

CONSTRUCTION INDUSTRY

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, a recent report was prepared for Human Resources Development Canada based on an 18 month study into underground economic activity, the \$92 billion a year construction industry. The report was prepared by the consulting firm, KPMG.

The study which ended last fall was conducted by a working group headed by a consortium of consulting firms and involved a half dozen federal departments and agencies including Revenue Canada, Finance, Statistics Canada, Industry Canada and Canada Mortgage and Housing Corporation.

Government suspects and those in the industry claim the construction workers operating in the underground economy are padding their untaxed earnings with EI, welfare or workers' compensation. Governments fear that underground activity in this area is undermining their ability to fund those same social programs, as well as the Canada and Quebec pension plans.

The abuse and undermining of social programs are only two of the disturbing findings of the study into an industry long suspected of being a major player in the underground economy where otherwise legitimate activities are hidden and not taxed or regulated.

When the untaxed wages of workers in the underground economy are added on to social program payments, they often earn more than workers on legitimate construction jobs, according to the report, and it so notes. Those workers are also putting their future financial security at risk.

Workers are being pressured into accepting less than legitimate working arrangements under which employment insurance pre-

miums are not deducted, workers' compensation is not provided, and there is no protection against dangerous or unhealthy working conditions.

It would appear that while economic factors are the largest factor in driving the underground economy, the picture is complicated by other factors including politics, an inverted sense of self-righteousness, various forms of sociocultural motivation and the role of EI, workers' compensation, social assistance and other benefits. The underground economy therefore is not only flourishing, it would appear, but it is also growing.

I would like the parliamentary secretary to outline exactly what the government plans to do to correct the abuse and what the government plans to do to stop the undermining of our social programs as a result of this underground activity.

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I thank the hon. member for Waterloo—Wellington for bringing this important issue to the attention of the House.

Underground economic activity is indeed a problem in Canada which should be reduced. Representatives of the construction industry take this issue very seriously, so much so that they expressed concern about the growing problem of underground employment and its implications for the future of their industry directly to the Minister of Human Resources Development. In response to their concern the minister agreed to work with them and subsequently developed a joint industry-government working group to examine this important issue.

Adjournment Debate

• (1850)

The report the member brought forth in his question in the House a number of months ago referred to the results of the working group's study. Its focus on labour market implications of underground employment in the construction industry is exactly what the member is asking about today.

Contrary to what the member is suggesting and suggested in his question not too long ago, there was no leak to the media. The fact is that over 1,000 copies of the report were made available to the working group members last December. The intention of that was to get some input from all those members as to what was the best solution to deal with the underground economy.

Because of the somewhat sensitive nature of the report—it describes in some detail how frauds are accomplished—the working group decided that its individual members could best determine how to distribute the report to their constituent organizations and concerned stakeholders. The report will be used by the individual working group members to create action plans to reduce underground employment in the construction industry.

Once that work is done I assure the member, the people at home who are watching and the House, that we will move very quickly on the underground economy.

[*Translation*]

The Deputy Speaker: The motion to adjourn the House is deemed to have been adopted. The House stands adjourned until 8.30 a.m. tomorrow pursuant to the special order of February 23, 1998.

(The House adjourned at 6.51 p.m.)

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