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Tuesday, February 21, 1995

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Tuesday, February 21, 1995

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

PRISON FOR WOMEN

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I am tabling in both official languages pursuant to the relevant standing order, the special report of the correctional investigator made pursuant to section 193 of the Corrections and Conditional Release Act concerning the treatment of inmates and subsequent inquiry following certain incidents at the prison for women in April 1994 and thereafter.

Mr. Speaker, at the same time, I am also tabling the response by the Correctional Service of Canada to the recommendations of the correctional investigator made in the special report to which I have referred. This is also being tabled pursuant to the relevant standing order in both official languages.

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GOVERNMENT RESPONSE TO PETITIONS

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

* * *

PUBLIC SERVICE SUPERANNUATION ACT

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.) moved for leave to introduce Bill C-306, an act to amend the Public Service Superannuation Act (annuity following job loss).

He said: Mr. Speaker, I have the honour and pleasure of introducing in the House today a bill entitled an act to amend the Public Service Superannuation Act (annuity following job loss).

The purpose of this bill is to amend the Public Service Superannuation Act in order to address the plight of federal public servants who have lost their jobs after January 1, 1995 as a result of a public service downsizing program.

This bill would allow those public servants who have reached 50 years of age and who have at least 10 years of pensionable service to collect an annual allowance equal to the amount of the deferred annuity without penalty immediately upon losing their job.

In light of the upcoming downsizing program, many public servants will be faced with the possibility of having to raise their families on 50 per cent of their earned pension. This bill would allow these public servants, who must leave the public service through no fault of their own, to receive the full pension they deserve and have earned.

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

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PETITIONS

ASSISTED SUICIDE

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I have a petition from an organization in my riding. The petitioners pray that Parliament reject euthanasia, physician assisted suicide in Canada, and consider expanding palliative care centres to ensure that they are accessible to all Canadians who are passing through the last days of their lives.

(1010)

[*Translation*]

VIOLENCE

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I would have a second petition to table. It concerns violence and abuse in our society.

[*English*]

The petitioners point out that violence in our society is a concern throughout the land. They want violence in the media, whether it be on radio or television, looked at very carefully. The petitioners ask specifically that government ensure that the

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CRTC do whatever it can in this matter. They acknowledge there have been some initiatives undertaken and some successes. They point out that violence is not necessary to inform or entertain. They point out that they feel it goes counter to their efforts to raise their families.

MINING INDUSTRY

Mr. Benoît Serré (Timiskaming—French River, Lib.): Mr. Speaker, I have a petition signed by 236 Canadians across Ontario.

The petitioners recognize the importance of mining in Canada and the problems caused by depleting oil reserves. They endorse the 10 point program of action put out by the Keep Mining in Canada campaign. They pray that Parliament take all the necessary measures and steps to increase employment in this sector, promote exploration, rebuild Canada's mineral reserves, sustain mining communities and keep mining in Canada. I concur with the petitioners fully.

CFB MOOSE JAW

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, I have four petitions to present this morning.

First, I am very pleased to present a petition signed by 3,615 residents of Moose Jaw and surrounding area. These many and concerned petitioners call upon Parliament to refrain from closing or downsizing 15 Wing, refrain from consolidating flight training to Southport, Manitoba, and refrain from moving or disbanding the world famous Snowbirds.

RIGHTS OF THE UNBORN

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, the second petition is signed by 40 constituents of Moose Jaw—Lake Centre and requests amendment of the Criminal Code to extend protection to the unborn child.

HUMAN RIGHTS

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, in the third petition, which is signed by 40 constituents of Moose Jaw—Lake Centre, they ask Parliament not to amend the Canadian Human Rights Act or the Charter of Rights and Freedoms in any way which would tend to indicate societal approval of same sex relationships and/or homosexuality.

ASSISTED SUICIDE

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, the fourth petition is signed by 39 constituents of Moose Jaw—Lake Centre who pray that Parliament ensure that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously.

GUN CONTROL

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have four petitions this morning presented to me by constituents in my riding.

The first has to do with the use of guns. The petitioners humbly pray and call upon Parliament to refrain from making further changes to existing firearm control legislation and direct the judicial system to enforce existing penalties more stringently in the effort to deliver effective crime deterrents.

ASSISTED SUICIDE

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, the second petition has to do with the matter of the sanctity of life. The petitioners pray that the government ensures that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law which would sanction or allow the abiding or abetting of suicide or active or passive euthanasia.

RIGHTS OF THE UNBORN

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, the third petition speaks about the unborn. The petitioners pray that Parliament act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

HUMAN RIGHTS

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, the fourth petition has to do with sexual orientation. The petitioners are asking that the Canadian Human Rights Act or the Charter of Rights and Freedoms not be changed in any way to allow and indicate the societal approval of same sex relationships or homosexuality, including amending the Canadian Human Rights Act to include in the prohibited grounds of discrimination the undefined phrase of sexual orientation.

I support these petitioners.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Acting Speaker (Mr. Kilger): Shall all questions stand?

Some hon. members: Agreed.

The Acting Speaker (Mr. Kilger): I would like to inform the House that the draw for Private Members' Business scheduled to be held today at 1.15 p.m. has been rescheduled to Friday, February 24, 1995 at 2 p.m.

GOVERNMENT ORDERS

(1015)

[English]

SUPPLY

ALLOTTED DAY—THE DEFICIT

Mr. Jim Abbott (Kootenay East, Ref.) moved:

That this House reject this government's totally inadequate target which reduces the deficit to 3 per cent of GDP within 2 years and will leave Canada, at the end of the period, with a federal deficit of about \$25 billion, a federal debt of over \$600 billion, \$50 billion in annual interest payments and higher taxes.

He said: Mr. Speaker, it is a privilege to stand today to speak to this motion, primarily because the Reform Party has broken tradition. This is an historic day. We have presented to the Government of Canada an alternate budget before its budget has been presented.

It is a particularly historic day because opposition parties have always been noted for opposition, for saying negative things, for carping about the problems created by various governments. They have never had the courage of their convictions, nor the wisdom perhaps, to put together an alternative and bring it forward. In this way not only Parliament can see, but so can all Canadians, that there truly is an alternative to the thought processes that have driven Canada to its financial knees over the last 15 years. I am exceptionally proud of what the Reform Party has done and proud to be a part of it.

I would like to read the section from our document that pertains directly to this:

“Reformers understand that there are many compelling reasons to eliminate the federal deficit quickly and decisively. Among them are the unsustainability of the Chrétien government's current fiscal path; the twin threats of rising interest rates and a falling dollar, and the need to prepare responsibly for the next cyclical downturn in the economy.”

“Two more are of particular concern to Reformers: the risk that Canada's dire fiscal situation poses to our social fabric and the need to restore the confidence of Canadians and investors in the government's ability to manage its finances.”

“The greatest risk to Canada's social fabric are the threats of annual deficits and a rising national debt, which over the past 30 years have crowded out many legitimate expenditures of governments.”

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“As was demonstrated most vividly in the last recession the government's ability to provide some stability during periods of economic dislocation is seriously strained”.

At the news conference this morning where the Reform Party revealed all of the figures and the entire thought process behind our budget, there was a rather insightful question from a news reporter. He stated to the leader of the Reform Party: “I do not understand. When you last put together your budget you were talking about a \$9 billion to \$10 billion decrease in non-social spending and another \$9 billion decrease in social spending. Why have you just added to the social spending side? Why have you taken the social spending decreases from \$9 billion to \$16 billion”?

Our leader very accurately reflected the fact that since those numbers were put together in 1992, as a result of the direct spending of this government and the past government, we have now moved a further \$100 billion into debt. As a consequence the reduction in the availability of funding for social programs has now been reduced a further \$7 billion.

For example the member for Beaches—Woodbine went before the press gallery yesterday and said: “We are not over taxed. Companies are not over taxed. We seem to have bought into that kind of jargon and it is not true”.

These people are rather out of step with reality. Reality is that the average family income is \$46,488, of which \$17,000 goes for food, clothing and shelter; \$21,000 goes to taxes. Over the last 12 years corporations have had their tax load increased 69 per cent while their profits have decreased 10 per cent. The member apparently does not understand the concept of down loading.

(1020)

In fact, the federal government downloads to the provincial, municipal, hospital districts and libraries. We have to pay for water, different post office charges, sewage, garbage, all of the user fees as a result of the federal government downloading. Indeed Canadians are being taxed far beyond the max.

However, the comment that particularly caught my eye was one from the hon. member for Notre-Dame-de-Grâce. He, being first elected in 1965, is quoted in the Ottawa *Citizen* as saying: “I helped build many of these things”, referring to the social programs, “I have no intention of participating in their dismantling”.

As long as the government refuses to recognize that by driving us further and further into the hole, thereby raising annual interest rates, it is destroying Canada's ability to fund social programs. It is just that simple and it is what this issue is about.

Supply

It was interesting that the member for Notre-Dame-de-Grâce, in talking about being one of the people to bring in these programs, probably has forgotten that one of the main architects of medicare in Canada, Tommy Douglas, actually delayed its implementation in Saskatchewan because he knew that his government at the time could not afford it. The government that brought in these programs, and perhaps the member for Notre-Dame-de-Grâce, at that time did not have the size of debt that Canada has now.

We will see the consequences of the government's inability to restrain its spending and to get things under control as starting the erosion of these programs. The erosion of these programs will occur because we are going further and further into debt by borrowing money to pay the interest on the money we have already borrowed. The debt in the last year grew at a rate of 10.3 per cent. Tax revenue grew at a rate of 3.3 per cent thereby creating a 7 per cent spread.

I notice one of the members from the other side, who is knowledgeable about these things, is shaking his head. If he goes to a document prepared for the Council for Economic Education with figures from his department he will find a reflection of the figures I just gave the House. The debt is growing at a rate of 10.3 per cent and tax revenue is growing at a rate of 3.3 per cent. That growth is entirely to pay the interest on the money we have already borrowed.

It is quite fascinating to give the House an idea of how far out of step the members on the other side are when on Friday last week the member for Wellington—Grey—Dufferin—Simcoe rose and said: "I rise in the House today to indicate my outrage that Moody's bond rating agency would place Canada's credit rating under review only two weeks before the federal government's budget comes down. Why did it not just place a horse's head in the finance minister's bed?" Maybe that is what needs to happen in order to get the attention of the other side of the House.

The reality is that when the Prime Minister stood in front of the nation, indeed in front of the world on January 16 and said: "We are doing all that we can on the expenditure side but we have to do something on the taxation side", the interest rate went up one full percentage point. In fact, what happened was that the dollar still dropped one-third of a point.

Last night, to show just how delicate this situation is, in a 12-hour period the Canadian dollar went up one full cent and down one full cent. We are literally on the edge. It is no wonder that Moody's and other people like the *Wall Street Journal* and all of the other publications that advise people who make buying decisions of our Canadian debt and our Canadian currency, are

spooked. They are spooked because the government refuses to realize that we can no longer go further and further into debt.

(1025)

One final note, and I apologize to you, Mr. Speaker and to the House. I failed to inform you that I was going to be splitting my time with another member. I have one final comment.

Mexico, the precursor of where Canada is going in this issue, today has 50 per cent interest rates. Oil payments are being confiscated by the U.S. in order to make sure that the U.S. will stand behind them. Is that really what the government wants? If it is, I can tell the House it is not what I want.

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I have not had the opportunity to see this alternate budget to which the member referred in his remarks.

I did see an alternate budget put out by the Canadian Centre for Policy Alternatives last week. It looked at balancing the budget by looking at the expenditure side and some of the tax loopholes, the foundations that have been set up for the wealthy and the tax breaks there and so on.

Yesterday I had the opportunity to go through a paper put out by the Council of Canadians which looks at the question: Are social programs to blame for the federal debt? It clearly points out in the analysis that program spending as a percentage of GDP has remained relatively constant in social programs over the years.

Your remarks seem to indicate an attack on the social program side. I am wondering if you in your budget, do you have any—

The Acting Speaker (Mr. Kilger): Order. While we are in the early stages of debate on the opposition motion, may I take the time to remind the House to make all their interventions through the Chair and not directly to one another.

Mr. Easter: Mr. Speaker, I wonder if the member for Kootenay East could tell me if in the proposals, they have made any suggestions to close some of the tax loopholes. Does he have any suggestions to deal with the speculative trade in the dollar that is happening in the international financial markets.

I recognize that speculators are playing games with the Canadian dollar, but does he not see the need to try and control that in a global sense so that countries can retain some sovereignty over their finances?

Mr. Abbott: Mr. Speaker, I appreciate both of those questions.

Being a member of the Standing Committee on Finance—and I notice another member from the Standing Committee on Finance—he would probably agree with me that the committee has been looking at family trusts as well as at a number of

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different areas. In fact, these so called loopholes are really just myths.

There are some specifics where there has to be some tightening up. I attended a briefing by the revenue department yesterday where we were looking at some of the propositions within the revenue department to tighten up on certain areas. These gaping loopholes simply are a product of wishful thinking.

With respect to controlling speculation, the difficulty is that in the last 10 years the percentage of federal marketable security, that is our bonds and our debt instruments in the hands of people outside of Canada, has increased from 10 per cent of our federal marketable securities to 28 per cent.

In other words, federal marketable securities are now controlled or in the hands of people outside of Canada to the tune of 28 per cent of the total amount outstanding versus only 10 per cent 10 years ago. That has occurred because the previous government and this government refuse to get spending under control, and as a consequence we are at the mercy of these traders.

To try and get control over a trader in Hong Kong or in London or in New York is a non-starter. It is simply not going to happen. These are myths to which I am happy to speak.

(1030)

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, it is with great pleasure that I rise today to talk about this most serious topic, the most serious thing to threaten Canada as we know it, our debt and deficit.

I can state in no uncertain terms that this is the number one problem facing our country and that the citizens of Canada are demanding action. As I speak our federal debt alone is over \$550 billion. It is increasing at almost \$40 billion per year.

This is a financial crisis. We have to stop kidding ourselves and we have to start facing reality. The sheer size of these numbers is so gigantic that most Canadians, myself included, have a tough time really understanding what they mean to us. When we bring things down to an every day level, we see just how dramatic this problem really is.

The interest on our debt is a staggering \$80,000 a minute. All of that money goes up in smoke, most of it to foreign investors. If the government were allowed to spend that money more productively on necessary services, on all of the jobs that are being threatened, on the social programs now threatened by this loss, if we could just put that money toward those things, how much more productive this country could become.

To put that in common terms, if we were to give away 288,000 colour television sets every day, after a month every home and apartment in this country would have one of those colour television sets. If the month has 31 days instead of 30 days the money for that one extra day of government could buy 4.431

million cases of beer, even more if it does not have alcohol content in it. That poor suffering taxpayer could have a few cold ones while watching "Hockey Night in Canada" on his new colour television set.

The numbers are simply astounding. By the time I finish my 10-minute speech the money shelled out in interest on our debt could have paid a year's worth of university tuition for 270 Canadian students.

What is the government going to do about this ridiculous situation? What is its plan? According to the red book the government is aiming to reduce the deficit to 3 per cent of GDP by the end of its term. The finance minister says with pride that he will meet his targets come hell or high water. What does it really mean to Canadians?

It means an unspeakable high debt of over \$600 billion. It means we will still be overspending by \$25 billion per year. It dooms Canadians to higher taxes and it begs for a financial crisis of epic proportions. I think it is safe to say that the government was not elected to do any of these things. If it wants to prevent a crisis, it had better start setting some realistic targets.

I have no doubt that the government will claim that it has inherited a legacy of the past, the accumulated mismanagement of nine years worth of Tory rule. Not only is this an unacceptable case of passing buck, it is also completely irrelevant. The government must play the hand that it has been dealt and do it to the very best of its ability. The citizens of Canada are demanding that the government take action.

It is a disgrace that on election day we had a debt of approximately \$489 billion and today we have over \$550 billion, \$61 billion higher than it was the day we started this Parliament. That is a disgrace.

How should the government deal with the deficit? Because the Reform Party cares we have asked the people of Canada through electronic national town hall meetings, many town hall meetings across the country, in curling rinks, service clubs, chambers of commerce and people on the streets. They have told us clearly what should happen. The people of Canada are willing to bite the bullet and take their medicine. They are willing to do this because they know the price today, though painful, will be much less than if they slide and go deeper and deeper into the hole.

If only the finance minister had that message a year ago. Since his disastrously weak budget last year our dollar has dropped steadily, our interest rates have soared and now our credit rating is being reviewed.

(1035)

Last year the finance minister refused to take on a role of leadership and it has now cost all Canadians dearly. I hope that this will never happen again. The budget must make the tough decisions and it must make them now.

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Throughout the prebudgetary process the Reform Party has not only emphasized that the government targets were ridiculous, but that they were ridiculously low and inadequate. We have come up with our own suggestions as to where the cuts should be allocated. That is because we wanted to be constructive and not just adopt the traditional opposition role of criticizing the government after the fact.

Therefore this morning we have released the taxpayers' budget—

The Acting Speaker (Mr. Kilger): Certainly all members of the House can refer to materials, studies and texts of every nature. However, none should be used as props. I say that to caution everyone who will engage in this debate.

Mr. Walker: Mr. Speaker, I rise on a point of order. I believe this is an important point because if the opposition party is basing this on a document which it is willing to produce to Canadians, it should have distributed it. I would point out that it is not available to the government at this side.

The Acting Speaker (Mr. Kilger): I have already dealt with the matter. Certainly while the hon. member wanted to make a point, it is not a point of order. Again I would caution members on both sides of the House that props will not be accepted in this debate or in any other debate.

Mr. Mills (Red Deer): Mr. Speaker, copies are available at Room 200 West Block for anyone who would like one. This morning we released this budget, which charts a course that would eliminate the deficit in three years with no tax increases. No other opposition party in history has achieved this and we are very proud of our accomplishment. We have worked hard as critics and as members of this party to make that happen.

I am sure that the government's spin doctors and certain members of the media will see this as a great opportunity to cast our party in a negative light. They will read through our 60-page budget searching for that one sentence which they think will make us look bad.

It will not work because Canadians are smart enough to know how hard the Reform Party is working to provide an alternative vision for this country, smart enough to appreciate that we are being honest with them about the size of our economic problem and smart enough to ignore the mischief of political spin doctors who think they can manipulate people with the stroke of a pen.

The days of old line party manipulation are gone. The people of Canada are now in charge. They have shown it through the referendum, they have shown it through the last election.

The targets we have set in our taxpayers' budget are real and achievable. They are tough but they are fair. They are explicit and come with explanations as to why we are making the

suggestions. I urge all Canadians to get a copy of the budget or the summary and read it for themselves. The Reform Party is willing to accept the judgment of the people of Canada, not the spin doctors.

We want our alternate budget compared with the Minister of Finance's budget next week. I believe that Canadians will agree that the government's target of 3 per cent of GNP is just not good enough. When Canadians read through our document they will notice there is a wide array of expenditure reductions. I would like to talk about the ones that affect my area, foreign affairs.

Over the past year the Standing Committee on Foreign Affairs has conducted a comprehensive review and made a number of suggestions for possible cuts. Although we were not successful in convincing the committee that there should be these cuts, I might summarize the three areas where we suggested them: in bilateral government to government aid; in international grants and non-mandatory contributions; dropping memberships in a number of non-essential international organizations.

We belong to hundreds of organizations. Some of them are not even functional any more. We want the minister and Prime Minister to stop using this aid package as a slush fund every time they take an international trip. We also believe that there should be a substantial cut to the operating expenditures for foreign affairs in CIDA. In total the Reform Party is proposing a cut of \$1.3 billion to our international commitments over the next three years. We are proposing not only cuts but a much greater emphasis on accountability, transparency and efficiency in delivering the service.

(1040)

While these cuts are steep, we believe they reflect the priorities of the grassroots of Canadians. We believe they could be implemented in a way that would preserve those programs to the greatest of their value.

In conclusion, the people of Canada are sending a clear message to cut the deficit to zero in three years and not to raise taxes. The government will either do its job and listen or it will travel the road the Tories took, the road to nowhere. This is the government's last chance. For Canada's sake I hope it will choose the right road.

[*Translation*]

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I appreciate this opportunity to speak for a few minutes. I have heard all kinds of things since being elected to this House a little over a year ago and I have sincerely tried to understand our friends from the Reform Party. It sure is not easy. I sometimes get the feeling that they have rocks in the head. Something is wrong with them. Perhaps they have bats in their belfry. For whatever reason, they are not quite with us.

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It is obvious that everybody wants to go to heaven but nobody wants to die. We all agree on that. When Reformers talk about cutting government spending, I agree with them that cuts have to be made. The point was made that extravagant expenditures were made in the past, on embassies, for example. It happens that certain things slip by the government unnoticed. The Reform Party estimates that the major part of government expenses responsible for the national debt approaching \$600 billion are expenses the government made in an effort to help Canadians by developing social policies, in an effort to put Canada on the map with a number of social projects.

If drastic cuts were to be made in all this today, as suggested by the Reform Party, some 33 to 40 per cent of Canadians would just starve. This is unacceptable on the part of a political party, although I must admit it shows that Reformers have a lot of guts. I am impressed by their courage in tabling budget number one of the era of Reform. I am not as impressed, however, with the contents of the document. They are attacking multiculturalism, Canadian bilingualism, and Canadian subsidies. But do they know that \$900 million is granted every year to Western producers, in their home region?

If this was cut overnight, what would happen to these people back home? Western farmers would simply be condemned to die slowly but surely of starvation. Now, this is not what politics is about. One has to know when and where to cut so that it is as painless as possible. It may be great fun to cut back the federal civil service by 30 per cent, but if you just drive civil servants out of A to force them onto B, B being welfare, and have no money to pay for welfare through federal-provincial transfers, I fear that Reform Party voters will have to tie their wallets to a chain, as some people have already started doing. This country will be subjected to widespread plunder.

Our social programs are also used to buy social peace. Take that away and the Reformers may well see prison populations swell, which is what they want, as a result of their fiscal policy. I do not know. I am just trying to understand.

This budget number one of the Reform Party does not strike me as a serious one. I would suggest that it goes back to the drawing board and come up with something practical, not *prima facie* grandstanding, something that makes sense.

[*English*]

Mr. Mills (Red Deer): Mr. Speaker, certainly there were a number of questions there.

I guess the first one is that the socialist utopia that we often hear mentioned by the other parties is just not reality any more. Therefore what we have done is attempted in our budget to empower senior citizens, students and our native people so that they can start taking care of themselves more and more.

Our program of an RPSP goes a long way in that area of taking care of people. What we have to do is target those people who need it most. That is the most important aspect.

(1045)

We should mention as well that these cuts must be fair across the board. Most farmers in the west, as was mentioned by the member, are prepared to say: "Get government out of my face. Let me handle my own business. I am quite prepared to do that". He mentioned those cuts; we have been advocating them for years. They are nothing new. They are asking just to get government out of their lives.

Basically we want to put money in the hands of people. There will not be people lying on the streets who cannot take care of themselves; they will be taken care of. That is the whole nature of the program.

The member is welcome to review the document and discuss it at length with me or any member of our party. We would be glad to do that.

Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I thank the third party for bringing the motion to the floor of the House, beginning with its press conference at nine o'clock this morning.

I will be very measured in my response. It is very rare that I can be so angered as a parliamentarian with the presentation of a case by the opposition parties. However when one cuts corners to the extent of deluding Canadians about the task that faces us, it is something that all parliamentarians should take seriously and look at closely.

This is an opportunity for Canada to turn the corner. I do not think any of us discount the anger felt by taxpayers and Canadians in general about the nature of the debt we now face. As a government we have undertaken with a great deal of pride and deliberation to ensure that our deficit is under control. We are the first government to set targets. We are the first government to meet its targets. We have approached the problem with a reasonable determination to succeed. We believe Canadians want success in deficit reduction more than anything else.

It comes as no surprise to anybody in the House that this debt is one that tragically encumbers our ability to be successful as a government. Speaking on behalf of the government, the Prime Minister and the Minister of Finance, we will succeed in these objectives.

In this context we have an opposition party that has sought to play with fire. Those of us who have been in Parliament for a while all know what happens when a parliamentarian plays with fire. Scenarios and perceptions are created perhaps deliberately or not deliberately that are simply false. People are given the

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impression that a solution is just around the corner or that a solution is merely writing things off with the stroke of a pen.

I come from a very poor constituency. I have seen families in economic difficulty. The hardest thing is to say to them: "Things are not likely to be better for one or two years, but if you really stick to this poor paying job and your family gets an education things will be better". It is hope for a better future that makes us all work together as Canadians.

We cannot go to families encumbered by a lot of debt and say: "In two or three months things are going to be fine". We cannot tell Canadians that in one or two years things are going to be fine because I do not think they will be all better within two years. Do I think it will be better in the near future? I actually think that. The government believes that and will work toward that objective.

Let me refer to some small items. The non-votable motion before us takes the government to task for its deficit reduction targets "within two years". The taxpayers' budget, the so-called document of the Reform Party, talks about three years. On the one hand we have set out a two-year program. We have been silent on the third year except to say, again in a very determined fashion, that we will meet the new targets we set. Those targets will get us closer and closer to a balanced budget.

By this sleight of hand the leader of the third party talks about his three-year plan and juxtaposes it with our two-year plan to get within 3 per cent of GNP. That is the unfair nature of the document.

(1050)

I have another point. He opened his address this morning and very carefully chose not to be in Parliament where he could be criticized and subject to scrutiny such as the Minister of Finance will be next week or the week after or whenever the budget is presented. He very publicly said that we must not be subject to the \$40 billion of debt that we borrow from foreigners each year.

We did not go to the debt market for \$40 billion. The opposition critic and his assistants who he very nicely complimented during his speech know that under Bill C-14 our borrowing limit was far below \$40 billion. We have not come back for an amendment. At no time this year did we say we would be borrowing \$40 billion. In fact, if last month continues to be as suitable as the first 11 months of the fiscal year, it will probably be closer to \$30 billion under Bill C-14. That is either poor research or a deliberate effort to tell Canadians something that is substantially not what it is.

The opposition party also plays footloose with the tragedy that happened to the Mexican economy and the difficult remarks made by Moody's last week. It takes glee in telling us: "I told you so. We are almost a basket case".

Does the party opposite realize the cost to Canadian homeowners? Does the House realize the cost to the housing market or the price we all pay because of these international factors? We should not take with pride that the Mexican economy collapses. We should not join the chorus of the *Wall Street Journal* and some editorial writer saying: "We think Canada is just like Mexico".

When the opposition party puts that into public record, some researcher in a Wall Street office or over in London looks it up and says: "Gee whiz, there are parliamentarians in Canada who think Canada is like Mexico". That is the finance critic. Then interest rates go up another half a per cent or another per cent. The housing market gets into difficulty. Families find it difficult. Credit card rates go up and we are charged greater prices. Then they can turn around in April, May or June and say: "See, I told you that you were getting into difficulty". That is essentially irresponsible.

The opposition party went through its taxpayers' budget and it went through \$10 billion of cutbacks in government programs. I thank that party, as I did during the finance committee hearings, for the directness and willingness to work on the issue. The finance minister and the government in program review are looking for significant ways to cut federal expenditures. As I said in my opening remarks, we will not in any way, shape or form back off from the objectives we have set ourselves.

There is an honest way of doing it and there are other ways of doing it. Let me suggest one point. The top item all of us on this side agree with is to reform MPs' pension plan, eliminate excessive travel of federal officials and reduce the number of ministers of state and parliamentary secretaries for a savings of \$10 million. Now \$10 million is a lot of money. Everybody knows that the pension plan produces no savings in the next three years. There are roughly 20 parliamentary secretaries and we all get the grand sum of \$10,000. That would save \$200,000. The ministers of state get a bit more. Let us say the total savings would be \$500,000.

That leaves us with \$9.5 million for excessive federal travel. The \$9.5 million at \$1,000 a trip would amount to 9,500 trips every year. That is a lot of unnecessary trips. If we look at each week, it would be 190 trips a week out of the Ottawa International Airport. This is excessive federal travel. If a deputy minister or a minister thought that level of excessive travel was happening, we would find the responsible public servants and politicians reined in. I would argue that this type of oversimplification is what brings the wave of anger across the country on to the floor of Parliament and does not filter as a responsible parliamentarian would what is honestly wrong with the system and what is not.

As long as they play to the crowd that this is corrupt place, a place where people do not work and a place where people try to rip off the system, the country will not feel good about itself.

(1055)

The major transformation we have to make, which the government has taken to its Prime Minister as the primary responsibility of governing, is to ensure Canadians have confidence in their government, confidence in the way their dollars are being spent and confidence that we have a plan for the future. Each of those objectives is being met by the government. We are not about to roll over and allow cheap criticisms in any way, shape or form to pull us down from this honourable sense of purpose.

Empowering individuals, families and communities: if we read each of these items carefully we see that the Reform is promising tax relief.

Let us go back. We want to balance the budget. One of the most difficult things to do at the federal level is to protect the integrity of the fiscal base of the central government. We are under a lot of pressure. We have an underground economy about which people argue as to its depth. We have many thousands of concerned Canadians voicing their opinions. I received petitions on behalf of newspapers and the Canadian Taxpayers Federation yesterday.

There are many hundreds of thousands of Canadians who are disturbed by their level of taxation. We would be wrong to ignore that in the context of making a budget.

Empowering seniors—long term tax relief or reform. Why do Reformers include that? They announced a \$3 billion dollar cutback in payments to seniors within the next three years. I know the member for Kingston and the Islands would be interested to know that they are going to do it after consultation. That means this year is lost. They also do not recognize the fact that the senior population is increasing. If we do not do anything in this government, the actual current levels of expenditures go up because of an increasing population.

They are not taking out \$3 billion but \$5 billion. That is fair enough, but they should say \$5 billion and not say \$3 billion. They should do their research to understand how people are being helped and not being helped.

Empowering families: strengthen the capacity of families to care for themselves with tax relief.

Mr. Milliken: How much is that worth?

Mr. Walker: What is the price attached to that? It is not known.

Empowering the unemployed and job creators: tax relief or reform. Empowering citizens to meet education needs: this is after suggesting that we should get out of education.

What do they say? They refer to an annual federal-provincial conference to define national standards. Have they ever gone to a federal-provincial meeting where they did not contribute anything and did not have any authority? Who is inviting them? What are they doing at the table? Nobody cares if they are there

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if they are not contributing something. However they have said that is what we are supposed to be doing.

Empowering those who cannot help themselves: tax relief. Those who cannot help themselves get tax relief. If I were to tell the people on social assistance in Winnipeg North Centre that I was going to help them with tax relief, they would be very curious about what taxes I was relieving them of when they cannot afford anything and they get about \$400 a month on social assistance.

Empowerment for aboriginals: many Canadians are frustrated with the administration and the development of self-government in Canada. It would be wrong to deny that. The Reform Party suggests a substantial savings on the aboriginal community. It is about \$500 million; I do not have it in front of me.

What do we do when that population base increases about 6 per cent per year? The baby boom within the aboriginal community is the most pronounced generational problem in the country. If we did that we would not just be freezing money, but on a per capita basis when dealing with questions of housing, education and assistance to young people within the aboriginal community there would be phenomenal cutbacks.

The Reform Party has pronounced a huge cutback in the CBC, with a savings of \$375 million. Those of us who look at the CBC carefully know there have been a lot of criticisms. I am sure the CBC understands this, but to cut \$375 million would probably end CBC television.

(1100)

This morning when the leader of the third party stood up in room 200, what did he arrange to have? Well, well, well, national broadcast by the CBC. What does he want to use? He wants to use national broadcasting to promote the end of the company doing that national promotion. Does he ever mention it in his speech? No, he just swerves right by it and remains silent on the whole issue. That is the nature of this presentation.

This goes on day after day. Those members talk about equalization. The first thing this government did, Bill C-3, was to stabilize equalization for the poor provinces across this country. This is a very important point because as we move toward other funding and as we begin to deal with the provinces and as we can tell from the report of the federal-provincial meeting last week, these are going to be difficult times for many of the provinces which have to be given credit for the fact that they have shown leadership and produced near balanced or balanced budgets.

Pretty well all the budgets in western Canada, for example in my own region, are getting close to being balanced. Different strategies are being applied, some gradual, some very abrupt strategies but nevertheless they have been stabilized. Equalization is an opportunity for the federal government to make sure

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that the other provinces which have a more difficult time have some stability.

They suggest a \$500 million cutback in stabilization. However, if we look at it, stabilization increases about \$500 million a year. Therefore to freeze it at the level they are doing is a much more extensive cut than they have said. Sixty per cent of equalization payments in this country go to the province of Quebec. It is a very important contribution that the federal government makes.

I would suggest as we are moving into a very difficult year in fighting out the referendum. All parties should appreciate the extent to which the federal government supports the economy of Quebec and not undertake budget initiatives which destabilize that economy at a very important time in our history.

To not acknowledge in the paper whether or not they understand the relationship between equalization and the economy of Quebec, whether or not they just choose to ignore it is a moot question which I am sure they will be willing to address later on.

However, the federal government has a responsibility when it set out a program in March of one year to the next year to continue that program and to continue the stabilization.

They go on to talk about the reform of the social security structure. They have a new program to come out which is basically to disband the RRSP idea. One of the most expensive programs that we have in this country, the way the federal government helps families and individuals, is through pensions. It is through support of the RRSPs and through the support of the registered pension plans. We by most estimates allow \$15 billion of contributions to go into those plans without taxes. That is one of the major tax expenditures that we have.

If one wants to have a balanced budget within three years, I would suggest that there are limits to ways that one can extend new programs. To put out the feeler or just a vague idea to Canadians that there is going to be tax relief, there is going to be tax reform, it is going to be made easier for them in the future is a subtle signal that it cannot be sustained by any logical argument.

The last part of what they talk about is a taxpayer protection plan. This has been tried in other countries. The fact is that the last government played with the idea also. We have a parliamentary system. In the parliamentary system it is very difficult to contain a government from doing what it wants to do. That goes back to Walter Bagehot and the English Constitution.

Whether one likes it or not a parliamentary system does have a lot of power. To argue that by law one can change the behaviour of a government is wrong. In reality one has to change it in the spirit of the government and by the moral commitment it makes to be reasonable with taxpayers' money.

That moral commitment, that fiscal commitment, is here in this government. To offer taxpayers protection act again puts out this phoney signal that there is a solution just around the corner: "If only the government would agree with our act".

Here is where silence is not golden. They talk about taxpayers. What do they not define? The taxpayer. Who is one of the most common taxpayers? Corporations and banks. Are they saying that tax base should never be changed, that there should never be another tax, that Canadians are happy with the corporate and bank tax structure in this country, that none of us have ever heard people ask what we are going to do about the tax on this and the tax on that? What about the foreign ownership of the Canadian economy? Are we going to remain silent on that, a taxpayer issue that we are going to put into the Constitution?

(1105)

My time is limited and my comments are extensive. I have tried to contain my frustration with an opposition party which is misusing an opportunity immediately before a federal budget to give Canadians the false hope that there is an easy solution, that we can somehow magically eliminate all the problems and all the bad judgments made by governments over the last two decades. Yes, I include the government and my own party in that.

We have accumulated a lot of debt. To acknowledge the accumulation of debt is also to admit that we have a very difficult problem ahead of us. All of us will have constituents who will suffer. If any member in the House thinks that their own constituency is going to be exempt, that their own lifestyle is going to be exempt, that we will not feel the effects of this budget, they are kidding themselves. Our job is to maintain a consensus in this country, not to have a social struggle, not to have class bitterness, but to understand that we are all in this together.

I thank the House very much for the opportunity to participate in this debate and I look forward to comments from other members.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I suppose on the other side of the coin I share the member's concern about having to keep one's feelings in a proper perspective in the spirit of debate in this House.

I found it particularly difficult when he was standing and very selectively making comments and extracts from where we were talking about Canadians being able to help themselves. Rather than going through the whole process of points one through five, he chose to stay on only one point. I find that really unfortunate and I do not think it really does anything for the level of debate in this House.

He has a complete lack of understanding of the rage that there is on the part of Canadians at this moment. The reason there is a

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demand for a taxpayer protection act is that we currently have a government in Canada whose leader stood before the people of this country and said there would be no tax increases for two years. The election was in October 1993. That is less than two years and this government will bring in tax increases. Canadians want the ability to be able to make politicians accountable.

The Prime Minister, when he was on the stump, said there would be no tax increases except in the case of war. The last time I looked the only war was the war which this government is creating on social programs by its constant overspending.

The hon. member suggested that the Reform Party is doing a disservice, that investors somewhere or people doing research are going to take a look and say there is a member of Parliament who is actually speaking up and saying things that are said in this week's *Maclean's* magazine which reported:

Nevertheless, even Canada's best run governments and companies are now bracing for the sting of a credit downgrade. The federal government's credit rating is a ceiling that no other Canadian credit can vault. And if Ottawa's rating falls, Moody's has already served notice that it will also slash those of the provinces, including British Columbia, as well as eight triple-A rated municipalities across the country. One of those is London, Ontario, which currently has a debt of \$83 million. "A downgrade would have a significant impact on our borrowing costs" —

It is also going to affect Sun Life Assurance, Imperial Oil and the rest.

I do not understand how this member or any of the other members can stand in this House and say that just because the Reform Party is saying it like it is that somehow it is wrong. This is supposed to be a House of truth.

The *Financial Post* last Friday, quoting from Moody's Investor Service, reported:

"We downgraded Italy in 1993 and it was very controversial", recalled Vincent Truglia, the senior analyst at Moody's Investor Service Inc. responsible for yesterday's review of Canada's debt ratings, which could result in downgrades.

In the case of Italy, Truglia concluded that though the country's economic picture was brightening, given the nature of Italian society it would be very difficult for the government to maintain fiscal austerity in the medium term.

"Everyone disagreed with us at the time and thought we were crazy", said Truglia, but Moody's analysis, "has in fact proven to be the case quite strongly".

(1110)

These are warnings. I ask the parliamentary secretary to the finance minister why will the government not at least acknowledge these warnings? Even on the front page of the *Vancouver Sun* last Friday the finance minister said that he was surprised, he was shocked, he was outraged. These are warnings. Should we not be taking these as warnings rather than simply saying it is

too bad the Reform Party is bringing up these terrible issues in the House?

Mr. Walker: Mr. Speaker, I see the member for Kootenay East is doing serious reading. He started out with *Maclean's*, went to the *Financial Post* and then the *Vancouver Sun*. I am glad he stopped his reading list right then and there.

I think there are more serious ways of looking at what rating companies do. There is no doubt that everybody is concerned about it. The Minister of Finance expressed his own concern in answering questions in the House of Commons last week.

I am not going to downplay the concerns that we have about how the world sees us and the volatility of the money markets over the last 12 months dealing with issues such as the referendum, dealing with the national debt and the provincial debt. All these questions weigh heavily on the government. To belittle them would be self-denial.

The question becomes how we approach the country. Do we approach it as a sad sack? Do we approach it as if this is about to be the end? Or do we say to ourselves this is a strong country, we have a tremendous economy? The OECD says we will continue to lead the industrial world for the next two years in economic growth, that we have the fastest growth rate, around 4.5 per cent. This is strength. These are companies and individuals going out and doing something.

We have rates of expansion in our export markets which are second to none in the world. We have strength. What we should be doing as parliamentarians is adding to that strength and not exercising the negative.

Yes, the report from Moody's was a very negative report. That does not necessarily mean it is correct. It does not mean that we should all sort of give in and say this is a terrible country, why do families stay here, why are we bothering doing anything here. As parliamentarians our job is to say that this is a pretty good country. What we should be doing is building upon this base and not trying to destroy it.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to build on the last sentence of the Parliamentary Secretary to the Minister of Finance, that we are here not to just talk about fiscal discipline but we are also here to talk about creating an environment for growth that will put people back to work.

As I review the taxpayers' budget put forward by the Reform Party today I felt that specifics related to job creation and putting people back to work were pretty thin.

I would like to get reassurance from the parliamentary secretary that we as a government have not wavered from our

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commitment and our focus on putting Canadians back to work. Ultimately I believe that the two million plus people who do not have work are a heck of a lot more concerned about our commitment to that reality.

This whole debate on deficit and fiscal discipline which has pretty much crowded that part of the debate out also needs some discussion. I wonder if I could get some reassurance from the parliamentary secretary.

Mr. Walker: Mr. Speaker, this government was elected on the question of jobs. We have created over 400,000 jobs. More important, the economy has created 400,000 jobs.

We are very supportive of companies, particularly small businesses that are expanding. We will form a budget that supports the creation of jobs in small, medium and even large businesses in this economy. Our job here is to support others who create the jobs.

(1115)

The parliamentary secretary to the minister responsible for industry is very interested in the tourism industry. He believes, as does the government, that we can really create jobs by supporting our tourism industry. I have no compunction about saying in the House that we will do everything we can to support tourism.

With respect to cutbacks, there is only one area the third party will not cut money from. It is not tourism. It is not regional development. What is the one area that it will not take a penny from? Jails. Members of that party can only be positive about jails. If we stop and think about it, we wonder what kind of perverted logic that is. We are looking at the way government spends money and the only thing they can be positive about is jails.

To their credit they are also supporting the Department of Justice on gun control by allowing money for that, and it is appreciated. However, we have to be concerned with more than just jails. We have to be concerned about job creation, about creating another 40,000 jobs, building enthusiasm and showing support for the entrepreneurs and companies in this country that are trying to rebuild our economy.

[*Translation*]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, today we have a good example of the financial trouble we are in: a government which does not do anything, which does not realize the magnitude of the problem, and an extreme right wing opposition ready to impose a drastic remedy on all citizens.

Allow me to come back to the Reform Party's motion, although I do not feel it is worthwhile spending a great deal of time on it. Many of the things we do in this House are not always very helpful, and we are maintaining this tradition this morning.

If we have a quick look at government finances, we see that, first of all, this year's deficit will still hover around \$38 billion. We will continue to get into debt for the 24th year in a row. Our debt will exceed \$545 billion, while interest rates will add \$85,000 a minute to our debt.

Our structural deficit is \$28 billion, which means that even with phenomenal growth and a fully functioning economy, this deficit would persist. The Canadian economy is plagued by many structural problems. The Reform Party's discussion paper does not have much to say on this. Interest on the debt amounted to \$38 billion last year and will reach \$45 billion this year.

Our external debt represents 44 per cent of our total debt. When referring to our external debt, we must also take into account provincial governments, municipalities and businesses. Forty-four per cent of our economic activity is in foreign hands. The problem with foreign debt is that our savings rate is insufficient and our economy is far from operating at its full potential.

I will also touch on what our Reform friends are suggesting this morning. I find it hard to call them "friends" when I read their document. This paper is a all-out attack against Quebec. Let us see what policy sectors they are going after. As we know, because of history and a number of factors, Quebec receives equalization payments, social assistance and unemployment insurance from the federal government.

These are the only sectors where federalists can say that they send Quebec more money than they receive from it. There is no reason to boast about sending Quebec more money in these sectors, whether it is social assistance, unemployment insurance or equalization payments.

This is how they compensate for the fact that Quebec does not get its fair share of subsidies allowing it to better structure its economy, as in research and development and other such sectors. They compensate with transfers, a kind of social assistance for the provinces.

Today, Reformers are telling us: "We will put some order into this. Not only will we not touch those sectors where Quebec is at a disadvantage, but we will cut UI, social assistance and equalization payments". The figures speak for themselves.

(1120)

The Reform vision would include cutting a total of \$15 billion from our social security system. That includes \$3 billion in equalization payments. As we all know, equalization is one area where Quebec receives a fairly substantial amount. It does not work out to much per capita, for instance, but since our population is larger, the total amount is still quite substantial.

They want to cut in this area. They also want to cut \$2.5 billion in welfare payments and \$3.4 billion in unemployment insurance. These are the three biggest items they want to cut, but they also want to cut \$6.6 billion in cash transfers to the

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provinces. This is incredible, and I am amazed that they failed to consider the regional impact of this so-called budget.

Perhaps the Reform Party should stop and think what the consequences and the impact of this budget would be on the Maritimes. They would also cut in other areas such as funding for official bilingualism and multiculturalism and the rest.

It is my impression that the Reform Party still acts like a regional party, a party whose vision does not go beyond the few regions it represents, a party that is incapable of looking at Canada as a whole, which is typical of the political situation in this country today. And it also says a lot about the future of a party that hopes to govern Canada someday. I would not wish this on any Canadian. In any case, we may not be around, but I would feel sorry for Canadians if they were ever governed by a party like the Reform Party. Besides, it would not be in the best interests of Quebecers for Canadians to suffer the impact of the lack of vision of these people on their social policies.

Just consider other cuts they would make. Three billion dollars cut from pension benefits. Three billion dollars, which works out to a 15 per cent cut in the income security system for senior citizens. Are they going to apply those cuts across the board? Fifteen per cent of everybody's pension cheques? Is that what they want to do? Hard to say. They do some simple arithmetic and come up with \$3 billion, just like that.

They would make additional cuts totalling \$3.4 billion in unemployment insurance, although they know perfectly well that this year, the Unemployment Insurance Fund will generate a very high surplus. They probably want to let the surplus accumulate or reduce premiums. It is not clear how they want to do that.

They would also make cuts of \$200 million in funding for education. We know that they supported Minister Axworthy's plan that would raise tuition fees and let students pay a larger share of education costs. So it is not surprising that the Reform Party should suggest that. I am not sure what we should call this document, to do it justice. Perhaps we should call it an essay that would hardly get a passing mark.

There are another \$10 billion in cuts that should be examined more closely, but basically, it is an all out attack against social programs and especially those that benefit Quebec.

What is the basis of the Reform Party's approach? It is generated by some kind of conservative ideology according to which the rich drive the economy and our social programs have burdened us with debt, and the only solution is to make drastic cuts in those programs in order to put public finances on a sound footing.

Their document does not talk about tax equity. Not at all. It does not talk much about fighting the underground economy. It does not mention the tax treatment of corporations or businesses because according to them, these are the people who generate economic activity and they should be praised for doing so. Their god is the "invisible hand" of Adam Smith at its best. Government has no place in the economy or the social sector, and if they could privatize social security completely, they would. But of course, they cannot go all out in that respect.

(1125)

I heard them say in their introduction that they were proud of what they had done, proud of this document. If this document were actually in effect, however, I doubt they would be quite so proud about facing people in the street, sinking ever deeper into poverty.

Clearly they took their inspiration to some extent from the model provided by Alberta, which is going to fix up its public finances and will succeed in getting out of the deficit. However, one has to understand the Alberta model. Yesterday, there was a very good report on *Le Point*. If I am not mistaken, 30,000 welfare recipients have left Alberta. Where have they gone? Whose responsibility have they become? It is easy to do something in isolation, but others have to carry the cost of it. Where are they now? In British Columbia, Manitoba or Saskatchewan, and surely being provided for by another provincial government.

Some of them will no doubt re-enter the labour market, but still. So it is easy to do something in isolation when you can pass problems or costs on to others. It would be just about impossible to apply the Alberta solution to all of Canada. The additional revenues generated by the oil industry in Alberta this year could not be duplicated for Canada as a whole. The situation there is a highly specific one.

We should have a look as well at what all of this is doing to the health care system and to hospitals. I would like to quote a few passages from the Reform Party's document on decentralization, which echoes the Liberals in talk of new federalism, decentralized federalism, federalism on the move, developing federalism and everything else they would have us believe, but always with the same idea behind it all.

They suggest transferring financial problems to the provinces, which is what decentralization is all about, while maintaining national standards. Page 24 of their document provides that the federal government would use equalization to make these national standards attainable. However, further along in the figures, we see that they are going to cut equalization payments. They are therefore denying the means to those who need it to attain the national standards. Not only do we keep

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national standards high, but we cut the money and then we force them to meet the standards. How are the provinces, the recipients of equalization payments, going to attain these standards? This would be the worst decentralization scenario, if it were handled this way. We would of course keep all the departments on overlap service.

Further on, the document states that, in terms of the health care system, essential services must be maintained so that they may be covered. What is an essential service? What does it mean? Under this kind of health care system, does it mean that essential services will be available to anyone, at any hospital, on any given day? Do they know what the impact of all this will be? It is said that prevention is one of the weak spots in our health care system and in our society in general. I would be curious to see the impact that only covering essential services will have on that.

People with health problems that they consider minor will not get out and get treatment. What kind of health problems will that lead to? Obviously, they do not talk about this. Their approach is overly simplistic. If I were a teacher in a CEGEP—I suppose that such projects could not be considered university level—and I had to mark this project, I would be hard put to give it a passing mark.

I would like to touch on what could be done. There are some things that we should do to improve government finances, because they have been suggested. There is a difference between making things even more difficult for people, which is what the Reform Party would do, and doing nothing, which is what the current government is doing—it did nothing to reduce the deficit in its first year, then decided to put changes off for a year and is too afraid to make a move before the referendum in Quebec.

We must not think that we can fix 24 consecutive years of overspending in 15 or 20 minutes of debate, as the Reformers would have us believe, or by jotting a few things down on paper; it is much more complex than that. We must take progressive steps, like the ones we need for our tax system.

I have been lucky enough, in these times, to travel throughout Quebec with the youth commission on the future of Quebec and to hear many visions for the future; how to build the desired society and the principles on which it should be built, be it Canada or Quebec. The values and principles mentioned most frequently are those of fairness and justice.

(1130)

No one has any solutions to offer, apparently. We are told to emphasize certain things. There is little mention of collecting unpaid taxes, which would reportedly amount to some \$6 or \$7 billion. We can certainly not collect all of it, but we could at least collect part of it, even if it is only \$2 or \$3 billion per year over the next two years.

As for overlapping and waste by the federal government in particular, a great deal of money could be saved in this area, perhaps a few billion more. The only matter on which we agree with the Reformers is that of business subsidies. We can indeed eliminate subsidies which are in any case not effective and which distort the market. In the area of defence, more cuts can be made; \$1.5 or \$1.6 billion in additional cuts could easily be made.

We would also have to look closely at certain tax rules. We have talked about family trusts ever since we came to the House, so much so that I am getting fed up with the whole subject. Talk, talk, talk, but nothing happens. We must also reconsider the approach of investing in megaprojects. A restrictive tax policy would lead to a slightly more relaxed monetary policy, especially in regard to short term interest rates. The impact on our economy would not be negligible.

Certain measures would serve, over the next two years, to restore public finances to a level which would make foreign investors more confident, decrease pressure on interest rates and improve Canada's economy on the whole.

I shall conclude with the choices available. For a good number of Quebecers, 1995 is the year for making choices. For Canadians as a whole, it is also the year to make financial choices and, as the time draws nearer, a greater number of possibilities emerge, such as the Reform proposal, a proposal which has not been put forward in Quebec. Reformers need only look at the results of the byelections in Brome—Missisquoi and even in Saint—Henri—Westmount to see that their vision of society in the future, their vision is not catching on at all in Quebec and probably never will because it is out of touch with reality.

If this vision is becoming widespread in Canada, no wonder the union between Quebec and Canada is in trouble. So, if this is how Reformers see things, let us not be surprised if this vision has an impact on the choices Quebecers make, because they see things differently. So, I really wish they would stop wanting to cut in the financial assistance provided to Quebec on account of the fact that it receives more in terms of social assistance, unemployment insurance and transfer payments. I wish that Quebecers could levy their own taxes and spend these amounts effectively so that they would not need to be on the receiving end of such programs, so that fewer people would be in need.

But for that to happen, half the economic lever must not be left in the hands of someone who could not care less anyway about economic development. In that respect, the Quebec government has come up with a solution, a solution it is putting forward with the support of the Bloc Québécois and perhaps even another party, the Democratic Action Party, which is making it increasingly clear it wants Quebec to be fully sovereign.

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So, there is growing support in Quebec for sorting out our problems on our own and letting others do the same, but I am still not convinced that this vision of the Reformers is shared by all Canadians. I certainly hope that is not the case, because this is no way of looking at the future, this is not something desirable.

To conclude, there is a whole range of possibilities between doing nothing, which is the Liberal approach, and laying off everybody and putting everyone on the street, as the Reform Party is suggesting. Good for them. Preparing this budget has kept them busy for a few days, but I do not think it will be very useful in the long run, in the greater scheme of things, to put the fiscal house in order.

[*English*]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I have heard a lot of criticism of our budget from the hon. Bloc member, but I would like to ask him where the Bloc's numbers are. If you are going to criticize a solid plan like we presented here today, then you had better have something to offer in—

The Acting Speaker (Mr. Kilger): Recognizing, like all debates, that this one will bring some strong views, by the same token I continue to remind members to direct their interventions through the Speaker so that we can continue this debate in the finest parliamentary tradition.

(1135)

Mr. Benoit: Mr. Speaker, I say again, if the hon. member is going to criticize, which is good, then he should offer a positive alternative as we have done with this budget. I ask the hon. member for some specifics on what the Bloc party and what he would offer as an alternative.

In particular, I am really surprised that the member from the Bloc pointed out a concern with what we have mentioned and with what we have presented in this budget in terms of transfer payments. In fact, we have proposed to give more control to the provinces. I thought this was something that Quebecers wanted.

I will read a little bit from our budget on the principle of decentralization that the member referred to. "As a general principle, government services shall be delivered by levels of government closest to the people. The federal government should respect in practice as well as in law, provincial jurisdiction over natural resources and the delivery of social programs".

The hon. member has criticized us for this. This actually means giving a lot more power to Quebec and all other provinces. I want to hear specifically why the member has a concern with this area. I ask for his suggestions, other than separation which appears to be an option that Quebecers are not going to accept.

[*Translation*]

Mr. Brien: Mr. Speaker, I am pleased to go over the whole decentralization approach for the second time, an approach on which the Liberals and Reformers agree. It is how they see decentralization. They tell us that they will let the provinces manage social programs.

They mention natural resources. I would remind my colleague that, under the constitution, some if not most natural resources should come under provincial jurisdiction, just like health and education. How generous of them to tell us that they will let us manage these sectors in the future.

They tell us we should be happy that we will now be responsible for these sectors. We would also like to have the revenues to manage them. They cannot transfer expenditures without the revenues that go with them. While the federal government continues to collect taxes as in the past, it will transfer responsibilities but less money. They will tell us about their flexible federalism, which left them broke so that they will now return the favour by aggravating our difficulties.

In addition to giving us administrative responsibility, they will give us jurisdiction, and then impose national standards. They say that in their paper. They say "in co-operation". Talking about federal-provincial co-operation is all fine and well, but we know who always ends up setting national standards.

They also say in their paper that equalization payments will allow all provinces to meet these national standards. Their figures say the exact opposite: we cut your transfer payments and equalization but maintain the same standards. There is something wrong with their logic.

A little further, there is a statement about health care. It seems national standards would only apply to essential medical services. There is no explanation of what that means.

This is hardly decentralization. Real decentralization involves providing financial resources in amounts that are equivalent, sufficient and fair—take your pick.

There is another element missing from this document. In economics, it is very difficult to do an accurate assessment of the mathematical impact of a measure. Economic forecasts are a good example. People think economics is an exact science. Making an economic forecast is like predicting that, when I leave the House, I will either go straight ahead, to the centre or to the left, but since around noon I usually have lunch at the cafeteria in the West Block, it is far more likely I will turn right. On the basis of a number of set assumptions, one can say yes, he will turn right. However, anything can happen.

(1140)

The document fails to consider some of the more predictable consequences of cuts in welfare payments and unemployment

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insurance. This money is often recirculated into the economy. People who receive welfare payments do not keep the money. They spend it. So if we cut those payments, we get the so-called negative spiral effect on the economy, and the document fails to factor in the negative impact of these cuts.

We cannot cut \$15 billion in our social programs without affecting government revenues. No way. These people buy things, and the store owner uses that money to buy what he needs. That is the positive impact of dollars that circulate. Dollars that no longer circulate, that are kept by the government to reduce the deficit, have a negative impact. This aspect of the issue seems to have been ignored.

I am not saying that we should continue going into debt. I am merely saying that the negative impact of the proposed cuts has not been evaluated. I am convinced that their proposal would not lead to a balanced budget.

As for the suggestions made by the Bloc, I am sure we were agreed on one of them, the one involving business subsidies. We talk of cutting the government's administrative expenditures where overlap exists, senseless expenditures—the Senate could be completely abolished, we would not be sorry to see that, but that will be debated after we are gone—collecting unpaid taxes, the defence department, and so forth.

We are ready to consider tax expenditures, but they do not believe in such things. They think that there are only budgetary expenditures. Some expenditures are tax expenditures. Is a box at a Toronto Maple Leafs or Montreal Canadiens game a revenue generating expenditure which should be a tax deduction? I have my doubts. The tax system could be tightened up.

But there is no mention of revising anything, of changing anything to do with taxes because they are afraid—these people are very fond of such measures which allow them to make taxes less progressive. Our progressive tax system is diminished by such taxation measures. At a certain level of income, it becomes difficult to maintain the progressive nature of the system because people use the tax system to circumvent it.

This cannot be changed, these are the same people who advocate a flat rate of taxation across the board. That is their idea, it is part of what they are demanding. This is all based on a peculiar vision of society which does not allow for any redistribution of wealth whatsoever, and that is its greatest fault.

I would like them to show me how they would redistribute the money, how they would narrow the gap between high income earners and low income earners which has grown steadily in the last fifteen years. Why is this not mentioned in their document? Redistribution is not one of the Reform Party's priorities, so it is not mentioned.

It is clear and quite plain that we will never get involved in a program like that. There are other ways of going about things.

All it takes is a bit of imagination and to stop repeating the theories of right-wing economists.

[*English*]

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the member from the Bloc is right. He and his colleagues in the finance committee do talk endlessly about tax loopholes. In spite of having been given the opportunity on repeated occasions to be able to point out to the finance committee what these tax loopholes are and quantifying them, they have been unable to do that to this point.

However, so that he can come up to speed on the whole concept of tax points and how they affect things, the hon. member should look at our document, if he has a copy of it before him.

On page 57 he will see the impact on post-secondary education of decreasing the cash transfers from the federal government which we have proposed of \$200 million. If we transfer the tax points and give the provinces of Quebec, British Columbia and Prince Edward Island the ability to tax in place of the federal government taxing, he will see from the graph that by the year 2014 there is a very substantial net increase in funding for post-secondary education.

I recognize that we released this document just this morning. Perhaps he and some of the Liberal members have not had time to come up to speed.

As another example, if the hon. member would look at page 52 where we are talking about a 15 per cent cut in the entitlement going to seniors, he would see it. The very first line says: "Focus OAS and GIS on those most in need".

(1145)

In answer to the question in his speech about whether this means everybody will be cut, no, it does not. However, I am really interested in the concept that we are proposing to transfer the ability of the respective jurisdictions, be they provincial or municipal, to deliver the services at the point of need and also to have the tax room for funding.

Apart from the "vive le Québec libre" kind of thing they are getting into, is that not exactly what they are after? I do not understand why there is a conflict between his and our own point of view on this issue.

[*Translation*]

Mr. Brien: Mr. Speaker, how very generous of them to say that, for \$200 million, they will give us the equivalent tax points while at the same time they will cut something like \$1 or \$1.5 billion in equalization.

To my understanding, this is not about recovering equivalent tax points. So, their whole way of going about reallocating

transfer payments will have a negative impact on Quebec. A two minute analysis of the document makes this patently obvious. In any case, I have no intention of spending the whole day looking at it; I have more important things to do.

The hon. member corrected what was said about seniors by saying that not everyone would face a 15 per cent cut. It is true that that is not the case. They say the focus will be on those most in need, but, here again, it is not defined, just as they do not really define either who will be targeted by the UI cuts. They do not say who is going to be affected by those.

This is how it works. When they do not have enough information to provide more details, they stick to basic principles, which do not take into account the overall impact. It is easy to talk about cutting \$1, \$2 or \$3 billion dollars. When we start looking at the workings or into the details, we see that a lot is missing. Fine principles are easily espoused, but hard to put into practice. The Reform Party cannot get around it. This document is not worth any more than the paper it is printed on.

[*English*]

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, we will continue in Reform to split our time.

I am pleased to rise in the House today to address Reform's opposition day motion. I am also pleased to be here as a member of a team that has the gumption, the fortitude and the imagination to come forward with an alternative budget ahead of the government's own. It indicates to Canadians and to the House there are better ways of doing business and getting us out of the crisis we are fast approaching.

For the benefit of people who have just tuned in I would like to read the motion of the day: "That this House reject this government's totally inadequate target which reduces the deficit to 3 per cent of GDP within two years and will leave Canada at the end of this period with a federal deficit of about \$25 billion, a federal debt of over \$600 billion and \$50 billion in annual interest payments and higher taxes".

The operative word is that we reject the government's target. Many in the House may ask what is the purpose of our motion. Is it simply partisan politics? I will admit there is a political overtone to our motion. However, its purpose is anything but partisan.

Its purpose, if adopted as a motion, would be to show to Canadians and to the international financial markets that the government is serious about getting its debt under control. This is a very important goal because Canadians must know that any sacrifices they may be asked to make as a result of the upcoming budget are designed to take a serious bite out of the staggering debt and deficit situation. It is also important to show international financial markets that the government understands the

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severity of the fiscal situation and is prepared to take concrete action to deal with it.

(1150)

In November the prestigious C. D. Howe Institute issued a report urging the government to move faster in the area of deficit reduction. It said the target of 3 per cent of GDP was not acceptable to the money markets. We now see that this sentiment is shared by other influential members of the financial community. To the consternation of members across the way, last week Moody's bond rating agency announced that it is reviewing Canada's AAA credit rating. In fact it was probably to the consternation of all Canadians. News of this review caused the dollar to fall and interest rates to climb. We simply cannot afford this type of reaction to the government's relative inaction.

We must renounce the government's shortsighted and inadequate deficit reduction plan by adopting the motion that is before the House today.

Why do I say that we can no longer afford to follow the government's reduction plan? It is because the problem is of such a size that we can no longer afford to ignore it. We ignore it at our peril.

That problem is a projected annual deficit of approximately \$40 billion, which incidentally is about the same size as the debt financing we are paying. Think what we could do with \$40 billion to spend on programs. We have to bring the deficit under control. This deficit of \$40 billion will get added to the national debt, which is now more than \$550 billion. It is a debt which is growing by more than \$1,400 every second of every day.

The government's idea of deficit reduction is to trim a \$40 billion shortfall to \$25 billion. It is not enough.

Currently each Canadian taxpayer is in debt over \$39,000, while the debt of every man, woman and child in this country is more than \$19,000. They need relief and they need it now. We cannot afford to wait longer for the government to get serious about deficit reduction, or should I say deficit elimination.

I hope that I have established the need for us to act. I would now like to offer the government some suggestions as to how to reduce the deficit. If it does not want to take the time to go into the taxpayers' budget, here are a few things from my particular area.

First, we must get hold of the deficit by spending reductions and not by tax increases. We have said that over and over again but I think we have to say it over and over again. Canadians are already taxed to the max and they cannot, nor should they, tolerate tax increases of any type. There are many places where the government can cut back on its spending. I would like to focus on an area for which I happen to be the spokesperson in our party, official languages.

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My Liberal colleagues will no doubt shudder at the idea of trimming anything having to do with official languages. However, given our dire financial straits we can no longer afford to feed this sacred cow with the same unbridled abandon that we have for almost the past 26 years.

(1155)

Just before I detail the cuts I propose, I would like to state very clearly again that Reform supports the use of two official languages in Canada. We believe Canadians have a right to receive services from key federal institutions where there is a justifiable demand. That is why later today I will be calling on the Standing Joint Committee on Official Languages to support my motion which would ensure people in minority language communities get the services they are entitled to from the federal government in the language of their choice.

People have a right to these services but, at the same time, all Canadians have a right to have their tax dollars spent wisely. This is why I believe we can reduce spending in this area without sacrificing minority language rights such as services to the public.

I have reviewed the more than \$600 million in annual official languages spending. I say official because there appears to be more spending in this area which does not appear in the official documentation so I am just looking at the nominal book value of \$600 million. I have been working on this for over a year so I know there is much more there that is out of view but I have not been able to put my finger on it yet.

My research shows that we can save roughly \$300 million in a year by making the following changes to current government spending practices. This is only \$300 million, but if we get \$300 million here, \$300 million somewhere else and \$300 somewhere else we have \$1 billion. If we keep doing that we can come up with the answers.

First, I propose a savings of \$80 million by trimming the amount the government gives to the provinces for second language education. Education, as we all know, is a provincial jurisdiction and the federal government should stop meddling in this area. Much of this money is used for programs such as French immersion, which has in itself been called into question by several noted scholars, including Professor Hammerly of Simon Fraser University. Federal funding of immersion has also resulted in the creation of a two-tiered education system in many districts. This in itself is a good reason to discontinue this funding.

However, coupled with our desperate need to get our finances in order, it is an area of spending which must be eliminated. Under my proposal over three years we would save federal taxpayers more than \$240 million.

Another area we can save in is the promotion of official languages. This program costs us more than \$41 million in the

current fiscal year. We can support official language groups in communities without spending copious amounts of money to do so.

I had better wind up by saying that the government's deficit reduction policy is inadequate. It is not enough to tackle our serious debt problem and it is not enough to inspire confidence among Canadians or the international money markets.

I urge the government to take this situation very seriously. We will try to help by offering suggestions such as I have just done as to the areas where we can cut.

I support the motion and I urge members and the government to do likewise.

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, I had the opportunity to glance at the budget presented by the Reform Party. It was not readily available until later this morning.

One of the concerns I have is that Reformers identify the debt as being a major problem. Certainly the government recognizes that. My concern is what their actions might do in terms of causing pressure on interest rates. They have done well in that regard because they have exerted upward pressures on interest rates. I returned from Calgary on the weekend. I had an opportunity to pick up Friday's edition of the Calgary *Herald* and there was a front page story about that.

(1200)

It is important to reflect on the cuts Reform members are talking about because they affect very real people. This story talked about how the social services department cut off of welfare a 60-year old mother who was caring for her disabled 29-year old daughter. Given her medical condition, the daughter suffers from continual seizures. As a matter of fact, it talks about her having had 210 since January 17.

If the decision to cut off of welfare that 60-year old mother who has worked all her life were allowed to stand, it would have resulted in the 29-year old daughter being put in care at a cost of \$100,000 a year. It seems to make little sense to have policies in place that would allow that kind of tragedy to occur.

I bring that forward because you can be penny wise and pound foolish. I think the Reform Party is rather light on analysis and is rather light on the fact that there are real people involved.

Does the member believe it is better not to pay \$600 in welfare to a 60-year old mother so she can look after her 29-year old disabled daughter? Or does he think money is better spent by forcing the 60-year old mother into retraining and having the state support the 29-year old daughter in an institution at a very excessive cost?

Mr. Ringma: Mr. Speaker, I cannot believe that the question is a serious one.

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First of all, I am not a spokesman for Premier Klein of Alberta. Second, the observation, while very interesting, has nothing whatsoever to do with the presentation I have just made in this House. It is totally irrelevant. It might be directed to some of the detail in the budget, but I cannot honestly take the question seriously.

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Mr. Speaker, reference is made in the Reform Party budget to particular cuts in social security spending. In particular, reference is made to senior citizen benefits being reduced by 15 per cent. In a country where the number of seniors is increasing, there is no recommendation for stable funding in that area but rather a reduction of 15 per cent.

Could the hon. member perhaps elucidate in what manner these particular cuts are proposed to be made to senior citizens?

Mr. Ringma: Mr. Speaker, once again, this is not directly relevant to the speech I have given, but I would be happy to answer it in any event since it seems to be a sincere question.

We would target seniors, such as myself, who do not need the old age pension. That is where we would do the cuts. We would target things properly. Those who need it either continue to get it, or in some cases perhaps they should get more. Those who do not need this sort of support should not get it. I think the majority of those would agree with this analysis and say to put it where it is needed, not where it is not needed.

(1205)

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I would like to speak today as one of our party's critics on human resources development and social policy and particularly to address our motion contending that the government's 3 per cent of GDP deficit targets are totally inadequate. I would like to address it from the perspective of the impact of this policy on social programs in this country.

It was the Trudeau Liberal government of which the present Prime Minister was once a senior member and finance minister, which first sold Canadians on the myth that big governments can solve most of our problems. Government then designed program after program to take over some of our personal responsibilities and provide for our basic needs.

Government help and handouts are now regarded as a right. In fact, today when someone claims a right for something, he is probably asking for goods or help from the government. The pervasiveness of this attitude was demonstrated to me this December when, as a member of the Standing Committee on Human Resources Development, I attended hearings on the social reform proposals of the Minister of Human Resources Development.

Although very few Canadians were given the opportunity to address the committee, 159 advocates for special interest groups were paid almost \$4 million taxpayer dollars to come and plead their right to continued or even increased public funding. This is funding that will have to be extracted from current and future fellow Canadians, from you and me and our children, in the form of higher taxes or debt.

Sadly, the pipe dream of big government as a solution to our problems has not only brought us close to bankruptcy, it has led to an abdication of personal responsibilities and has set Canadians against Canadians. Hard working Canadians are becoming increasingly incensed to have the fruits of their labour confiscated to fund an ever growing number of non-essential programs. Needy Canadians are told that they are entitled to more help from their fellow citizens and that they can rightly resent anyone whose hard work, risk taking or good fortune has provided them with a measure of wealth.

The problems we are facing today are not just the result of a lack of money, but are directly related to the role we expect government to play in our lives. We are now beginning to realize that many government services are dysfunctional, unaffordable and have a negative effect on self-reliance, independence, responsibility, personal dignity and the social fabric of our society.

For a quarter of a century Canadians have been encouraged to increasingly rely on the government, and they have done just that. A vast amount of our national wealth goes to pay for security measures. Fully one-half of all federal government spending is on social programs. Two-thirds of all federal government spending, after it pays its interest payments, is on social programs. Spending on social programs by all levels of government is about \$155 billion every year. That is over 20 per cent of our country's entire income of \$750 billion.

On top of that, Canadians spend a significant amount of their own personal resources on security measures. These include additional health insurance, savings for old age, post-secondary education and training, insurance against a whole host of unforeseen adversities, and personal savings.

Even if we stopped funding any of this social spending with borrowed money, we still would spend more than adequate amounts of our national wealth to achieve the level of security we need. Yet welfare state programs are paid for not only by heavy taxation but by borrowing from future generations.

The disastrous consequences of these Liberal policies are now threatening the very programs that Canadians have been encouraged to rely on to meet their security needs. Let me explain why.

In order to borrow, someone has to lend us money. When someone lends the Government of Canada money there has to be

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something in it for them. That something is interest. The interest has to be paid every year until the money is returned. Our government has not been returning any borrowed money. Far from it. Instead, for 25 plus years in a row it has borrowed more and more money every single year on which it must pay more and more interest. Not only does the interest burden increase, it compounds.

(1210)

Just think about the logic of what we have done. We have borrowed money to keep expensive, welfare state, give everybody a cheque programs afloat. Every dollar in interest paid on that borrowed money is a dollar that we cannot now spend on needy people in our country.

This year the Canadian government paid out \$42.7 billion in interest. Just think for a moment how much security that \$42.7 billion could have provided to the people of this country. Next year we will have to pay about \$47 billion in interest. So next year we will have \$4 billion less to spend on social security, and less the year after that, and even less the year after that until almost all our national wealth is consumed to service the debt that our reckless and incompetent political managers, mostly Liberals with help from so-called Conservatives, have saddled us with.

The tragedy is that it is not just us today who must face the huge drain of interest dollars endangering our future security. Shamefully, our children and our children's children will have to carry the burden of our government's lack of self-control. Their futures have been heavily mortgaged because governments were not willing to pay their own way.

For 15 months this Liberal government has allowed this incredible fiscal disaster to continue. In these 15 months it has borrowed another \$61 billion. That means that every single month this government, this team which claims to be so competent, has overspent by \$4 billion. Every month this government has put \$4 billion more on your credit card and mine, Mr. Speaker. That is \$137.93 for every single Canadian every month. That debt is the inheritance our children have to look forward to. And now the finance minister even wants to tax that.

With this kind of fiscal insanity on the record one would think this Liberal government would now be telling Canadians it has cleaned up its act, will be living within its means and has stopped the interest drain on our economy. Instead, what the government is telling us is so incredible that it has citizens across the country rising in outrage.

The Prime Minister and the finance minister say they intend to confiscate even more of our income for their own spending purposes. They also tell us with pride in their voices that they intend to continue to put us in the hole a minimum of \$25 billion for every year we leave them in charge of our affairs. They refer to this incompetent management as good, honest government.

Our children will have to cough up in the neighbourhood of \$8 billion every single year to pay for the spending spree of this government not to mention the \$40-odd billion every single year they get to pay on the spending sprees indulged in by previous Liberal and Conservative governments. I expect our children will have quite a different name for this kind of management.

It is not hard to figure out that a dollar spent on interest is a dollar that cannot be spent on social programs. A dollar spent on interest is a dollar that cannot be used to help the poor and disadvantaged. A dollar spent on interest is a dollar that cannot be used by business to expand, to improve products, to take advantage of trade opportunities and most of all, to create real long term jobs for Canadians.

Members of this government make a big production about their commitment to helping people. They constantly wax eloquent about the virtues of fairness, equity and compassion.

I am willing to bet that every single one of these kind and caring Liberals will vote to put us and our children over \$100 billion in the hole during their term in office. Every one of these Liberals will stand by and see an additional \$8 billion plus sucked out of our social programs, sucked out of our job sector, sucked out of our future security over their term in office.

(1215)

How fair is that to Canadians struggling to support themselves and their families? How equitable is it for us to spend today and hand the bill to tomorrow's citizens? Where is the compassion in eroding the sustainability of social programs because the government cannot get a grip on its appetite for borrowed money?

For 15 months Reformers in Parliament have steadfastly pressed for a change in direction and have kept the issues of our borrowing and our debt and the interest drain on our economy on the national agenda. Reformers are telling the Liberal government it is time to change direction. Canadians deserve better than to end up where the Liberals are taking us.

We need to downsize government, re-evaluate and restrict its functions, and stop living on borrowed money. We need to find better ways to effectively help those in need, ways that are affordable and encourage people to take responsibility for themselves, their families and those around them through communities, churches, schools, charities and other social groups. Public assistance should be reserved for those who need it most.

My colleagues and I in the Reform Party are doing our utmost to get the message of fiscal responsibility to those who sit across the floor of the House. Unfortunately as opposition we cannot bring about real change, a fact that is as frustrating for many Canadians as it is for me. That will not stop us from doing what we can to influence the government.

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Today Reform has taken the unprecedented step of taking a government by the hand and showing it the way to a balanced budget within one term of office, within three years. I do not expect members opposite will be permitted to support such a common sense proposal, but I invite Canadians to continue to demand a return to fiscal sanity in the country.

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, I thank the second opposition party for tabling what can be called a shadow budget. It becomes part of a general dialectical process of discussion that the finance minister launched some months ago and which has been highlighted by discussions of citizens' groups, household groups, learned society groups, all people putting in ideas and suggestions to the government to help the finance minister in preparing for his budget that he will table in the next week.

Members will pardon me, though, if I say—it is not intended as a criticism—that one finds in the feedback from the various groups consulted, and we could say this is true of the shadow budget from the second opposition party, that it is formulated at a fairly high level of generality and abstraction, that it lacks the tethering detail of examining concrete cases against an empirical record which is the responsibility of a government.

One is reminded of General Secretary Khrushchev celebrated rebuke to the Albanians. I will not translate what he said in Russian exactly. He referred, I think we can say in English, to people jabbering. Basically it says: "Look, it is one thing to talk without having responsibility but when you have to make decisions you have to point out concretely what this means".

In other words, if we have suggestions to make and we do not want cutbacks in our own backyard, whom would we want to cut and why? What are the criteria?

It is very easy to say without responsibility for the government that one would eliminate \$40 billion or \$50 billion from federal spending in three years, but a government has to justify that in the concrete cases and examine what cuts in one sector of the budget would do to other sectors of the budget and, second, what impact it would all have on federal-provincial relations which without necessarily any action other than from historical forces is with us again as a key issue in the next few years, the Quebec issue to mention only one of these things.

We were warned during the last general election by financial analysts of some reputation and by the International Monetary Fund that reckless and radical financial restructuring without proper attention to empirical detail would have unforeseen effects on unemployment and on the economy.

(1220)

This is why the government, as its first approach to the budget, recognizes the basic truth that any budget is a balancing act. It requires balancing competing interests, social and eco-

nomical interests, choosing between them and offering justification for that.

As a government we are charged with keeping Canada together. We have to recognize the conflict in economic attitudes in many parts of the country. For the economically dynamic western provinces in which my own seat is located this means cutting the deficit as top priority. In Quebec and the Atlantic provinces we are getting the message that jobs may have a higher priority than that. We have to balance those interests.

Our predecessor government, the Mulroney government that has disappeared into history, had a fixation on cutting without serious consideration of the revenue side of the balance sheet. To take one example, some economists estimate that each public sector job results in seven spinoff jobs in the private sector. For many companies, for better or for worse, the public sector today is their largest customer. They have to be weaned off public spending. Public sector jobs have to be cut at a pace at which the private sector can absorb them.

Coming back to the budget and the balancing of interests, there is a little bit of voodoo economics from the second opposition party. President George Bush's—

An hon. member: A little bit?

Mr. McWhinney: We understate, as the parliamentary secretary who intervened knows very well. It is our tradition to understate.

There is a little bit of voodoo economics in some of the proposals put forward by the second opposition party. For example, cutting provincial transfer payments with a corresponding transfer of tax points does not result in lowering the overall public debt. It is simply to transfer federal problems to the provinces.

Alberta and Saskatchewan already have their own economic houses in order but other provinces have not. I do not think they are going to appreciate a federal government abdication of responsibility.

Let us take another example. Broad brush cuts look very simple. There is a proposal that has been floated to automate lighthouses on the west coast. It is a major issue for people on the west coast. Many sincere, decent people have discussed this subject with me. I have 25,000 names on a petition in my office opposing this one budgetary cut. I accept the sincerity of the proposals, the logic of the argument, but I also recognize that we have to make cuts.

I have to pose the question: "Whom would you cut and why? Is the deficit to be cut everywhere but in one's own backyard?" These are the hard problems that a finance minister must struggle with.

The Indian affairs department has been referred to. It is a favourite target for many people who do not bother examining

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empirical data. It is in the process of devolution that is being spearheaded in Manitoba. The department has cut its workforce by 45 per cent in the last several years. Some bands are ready for self-government, although that is not totally defined, and some bands are more ready for self-government than others.

Consideration of further cuts in the Indian affairs department has to be related to the progress to self-government and to the concept of moving by steps which the government rightfully on all empirical political experience has accepted as the best road to self-government.

Transferring responsibility to what is called the family ignores current social structures that exist as the living reality today in Canada. I would suggest the second opposition party has a rather restricted particularistic definition of the family. One would raise the question and not simply rhetorically: "What about Canadians who do not have a well-to-do family to rely on? What about them?"

There are too many contradictions—antinomy is the technical term—in the shadow budget of the second opposition party that are simply not resolved. Empowerment of individuals is brought forward as a buzzword but is really a code word for abandoning those in need. Basically it calls for people to look after themselves whether or not they can.

(1225)

This contradicts what in another part of the second opposition party's proposal, the shadow budget, is called equalization. Again one talks of national standards but this contradicts the principle of cutting transfer payments. If we want to impose national standards as a federal government in a domain where the federal constitutional power has to be stretched to the limit, how do we do it without using the tool of transfer payments? The contradiction is there in the shadow budget of the second opposition party. It simply has not bothered to try to resolve it or to suggest how to do it. That again stems from the fact of absence of responsibility in making the hard decisions that we must make as a government.

Again to take a further contradiction on a contradiction, the equalization principle contradicts the idea of cutting transfers to the provinces as such. I believe there is one basic truth here which all of us must recognize. The budget to be brought in by the finance minister within the next week will be the toughest budget Canadians have seen in 127 years. That is the reality. It is going to be a very tough budget. That is our responsibility.

Since I am not privy and constitutionally could not be to the finance minister's plans until he actually announces them in the House, I do not yet know what is in the budget; but I am on record, as are many of my colleagues in the government, as supporting drastic reform of the pensions of members of Parliament. I am on record, as are some of my colleagues, in

advocating that Parliament bring MPs' pensions into line with those in the private sector.

There has been reference to foreign travel. I personally have not partaken of any foreign travel at taxpayers' expense since my election. Many government members are in the same position.

I support unemployment insurance reform. Indeed the most imaginative part of the green paper on social reform brought forward by the minister charged with social security concerns unemployment insurance reform. Many Canadians are paying \$1,200 per annum in premiums even if they have never made a claim. The seasonally unemployed and the manufacturing industries which include unemployment insurance abuse in their business plans should be made to be more self-supporting through increased premiums, fewer weeks of benefits, more weeks to qualify and mandatory retraining.

These are the materials before the finance minister that have been given considerable consideration by committees, by task forces and by other groups. They are the sorts of decisions a government must make, big tough decisions, balancing the interests, choosing among the conflicting interests and resolving the antinomies.

I support, as do many government members, the commercialization of as many crown corporations as possible and a rationalization of those remaining. The government accepts that responsibility. It will be reflected in the choices that it has to make in the budget.

We all support the elimination of overlapping government services. We support the transfer of powers to the provinces in such areas as natural resources, fishing and health administration, without sacrificing national health standards. These proposals have been part of our historical debate for the last 30 years since the quiet revolution.

We welcome the suggestions put forward by governments in Quebec, by the Bourassa government and by its present government, for study in this area but we recognize the impact upon the budget in adopting proposals of this sort.

I am really saying that the shadow budget of the second opposition party does not really tackle concretely the problems of making those hard choices. To the extent that it does, it seems to me that like the previous Mulroney government's approach to the economic situation there is a give it up philosophy there.

(1230)

It is not enough to slash government expenditures. We need, and this was our proposal in the red book and in the general election, a dynamic policy of creating new jobs. We need new export industries. We need more foreign trade. We need to be competitive there.

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The Prime Minister has made his trips to Asia accompanied by our leading business specialists and to South America. This is part of the new politics. We need to harness science and technology in aid of economic growth and that requires a strong federal presence. This is the key to the infrastructure program that the government has been carrying forward since its election. It is the key to areas such as western economic development, but it is a recognition. The slashing of expenditures, if that is all it is, is a descent into economic pessimism. It reminds one of the policies of the economists who failed in Germany at the end of the 1920s and who failed in the United States in the Hoover period.

The country is strong. To echo the remarks of the man who replaced President Hoover, we have nothing to fear but fear itself. What we need are new jobs, new markets and new tax revenues. This is a positive, dynamic way of controlling the deficit and reducing the external debt. Create the new jobs, build the new revenues from the new incomes. It is a new, dynamic and optimistic approach to the Canada of the next century. This will be the thrust in the budget to be presented I am sure in the next week.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I am shocked and appalled when I listen to a speech like this. I think a speech like this is a symbol of what is wrong with this government.

I listened to the hon. member ramble on giving excuses for his government's inaction. He continued to explain why it cannot do anything about this or that. I think the height of irresponsibility is to do nothing. It is analogous to criminal negligence.

Why do you not have a plan after almost 10 years in opposition and after a year in government, after fighting an election campaign that you knew was there and—

The Acting Speaker (Mr. Kilger): Order. I want to once again remind the House that all of our interventions have to be made through the Chair, through the Speaker. It is not to engage one member with another but collectively for the House in making sure that our debate is done in a parliamentary fashion.

Mr. Breitkreuz (Yorkton—Melville): I am sorry, Mr. Speaker. I am too emotional from his presentation. I feel so strongly that this issue is a key issue that we need to address.

I believe the country is tired of hearing excuses about how we have such an onerous task and it is so difficult. This is the government opposite. As a government it cannot keep criticizing Reformers for what they propose unless it can come up with a better proposition. That has to happen. When someone is drowning and is going down for the third time he or she would like to see a life preserver thrown to him or her, not another weight. Increased spending and increased debt and deficit is

simply another weight. I think it is inexcusable that this kind of rhetoric continues to be spouted out by these people.

I would like to know what plan the government has? What does it propose in a positive manner that will give hope for Canadians that they will begin to see the light and not continue to be thrown more weights as this member suggests?

Mr. McWhinney: Mr. Speaker, I have waited patiently through a sea of clichés and tired metaphors for a general idea or a question. When finally the question emerged, the only response one can give is pay attention to empirical data. Read my speech when it comes out in *Hansard* and the responses are there. Please do not remain in the realm of clichés. Give us some empirical data. Do not be an Albanian in Mr. Khrushchev's terms.

(1235)

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, as a reflection of what my Reform colleague said, I must say that the Dr. Feelgood kind of thing this government seems to be into, trust it, everything is going to be fine, is very difficult to swallow when one realizes that this very day this government is going to the financial marketplaces all over the world, cap in hand to try and find \$110 million.

I have the good fortune, if I can be permitted to be a little personal, that this week I am expecting to become a grandfather for the first time. As a consequence, it is a sincere and very personal concern for me that we have a government in power today that is prepared to encumber my grandchild to be with the spending of today.

The Reform Party came forward with its zero in three plan in 1992 and here we are just three years later. There is only so much that can be taken out of non-social spending. As a consequence for us to get to zero, which we must do in three years and what this motion is all about, we have now accelerated and gone from only taking \$9 billion out of social spending to having to take a further \$7 billion out of social spending. That has happened in two and a half years.

I ask the member in good conscience, and I am sure he will realize that I am being deeply sincere, whether it is really not immoral for this Parliament to go ahead and transfer the spending of today probably to my future grandchild's grandchildren. Is there not some kind of problem in the thinking of this member and perhaps in the thinking of the government that we should be doing that?

Mr. McWhinney: Mr. Speaker, I appreciate the thoughtful question from the hon. member opposite. We welcome his co-operation and his party's co-operation in finding concrete ways for cutting government waste and cutting expenditure. We accept the burden of reducing the national deficit, reducing the

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external debt. We believe the positive way is by expanding the economy by creating more jobs. If more jobs are not created, we will never get rid of the deficit. That is why we say the two go together. There cannot be one without the other.

I welcome his co-operation and his party's co-operation in tackling the deficit.

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, it is a real pleasure for me to take part in this debate on the motion introduced by my Reform colleague for Kootenay East.

Today is really the tale of the threes. I added a third three after listening to the intervention by my colleague from Kootenay East. The first three I had down was 3 per cent of GDP which we are talking about today as being not sufficient to address our current problems. Another three is the zero in three plan we introduced while we were campaigning in 1993. The third three I added was my three-year old grandson Nicholas. In many ways that is what this whole debate is all about. It is about the future of our children and our grandchildren.

Let me deal with the last three first. We in this House have been part of the generation that has accumulated the tremendous debt that we are all burdened under. We are not going to be around to pay the bill. We have accumulated this debt and we are leaving it on the shoulders of future generations; taxation without representation.

(1240)

I have been part of that overspending and I have not been very proud of that. I am pleased that I am here, elected to this place to do what I can to bring the government to realize that we have to start living within our means.

Let us go to 3 per cent of GDP as the target that the government has set. What does 3 per cent of GDP mean? It means after we achieve this target we will still be overspending on an annual basis by \$25 billion. However, at that point we will be facing federally a \$650 billion debt and the interest payments on that debt will have reached \$50 billion. What is worse, there is no plan to eliminate the overspending. It is somewhere down the road but there is no definite plan in place to address it.

I would suggest that without a plan to attack it, it will not happen. The 3 per cent of GDP is too little, too late. We have already lost a year. A year ago we were looking at a \$490 billion debt and as we stand here this afternoon we are in debt to \$550 billion. Our situation has worsened by \$60 billion.

Let us take a moment to look at our zero in three plan which we campaigned on last year. We were honest with the Canadian voter when we campaigned. We spelled out where we were going to make the cuts, the departments we were going to make the cuts in and how much those cuts would be.

I would remind members that we were the only party that did that. We actually put some numbers to paper and presented it to the Canadian voter. Two and a half million voters supported us knowing where we were coming from. The deficit at that point was \$30 billion. As we stand here this afternoon we are looking at a potential \$40 billion deficit.

The deficit can be eliminated within a specific timeframe and we say three years. In eliminating that deficit we will create employment. We will restore investor confidence in our economy and they will come in and they will create the jobs that our children and our grandchildren need, full time, meaningful employment.

By getting our spending under control we will start to offer for the first time tax relief. Canadian voters will be able to see down the road that there is some tax relief coming and that we will not continue to attempt to go deeper and deeper into their pockets.

We speak a lot about the safety nets. Getting our spending under control and eliminating the deficit is the answer to saving our social safety nets. We are not the ones out to destroy it. We are the ones facing reality and we are the ones who want to save those safety nets for those who are in need.

The budget that will be coming down next week to my mind is the most important in Canada's history. If we do not do what is right in this budget we will pay some very serious consequences. The Canadian taxpayer is concerned. The financial markets are concerned. The warning bells are going off, the red lights are flashing and yet they are being ignored. As a matter of fact, we are shooting the messenger. We are being warned that we cannot go any deeper in debt, that we have to make some spending cuts. We are being warned by the people who buy our bonds, the people who have allowed us to go deeper and deeper in debt.

We appreciate it when they buy our bonds, but we do not like the fact that they are warning us that we are getting ourselves into a position where we cannot sustain that debt and are in danger of hitting the wall.

As I said, thousands of concerned taxpayers have spoken out. The message has been unified: no more taxes, reduce government spending, they are taxed to the limit.

The Canadian Taxpayers Federation has gone across Canada holding tax alert rallies that have been attended by thousands of taxpayers.

(1245)

Yesterday we presented petitions signed by 230,000 concerned taxpayers and as I said, the message is uniform: no more taxes. Government spending must be cut.

Small business gave us the same message. The Canadian Federation of Independent Business in its survey of small business states that 88 per cent of those that responded said the

best thing the government can do to help small business is to cut spending. Get off their backs and out of their pockets.

It is happening all across Canada. In our homes and in our businesses, we have cut back in these times of restraint. We have had to make the cuts in order to survive. Government must do no less than what Canadian taxpayers and Canadian businesses have been doing.

When I was a youngster, I was told that there are only two things that were certain in life, death and taxes. What we are now finding out is that one is causing the other. The Canadian taxpayer is being taxed to death. Canadian taxpayers are fair, compassionate and reasonable but they have reached the limits. The message is that we have no more to give. The government does have room to cut its spending.

Protests have been going on across the country. Radio shows have been encouraging their listeners to phone their member of Parliament. I am sure all members have received phone calls because of the tax alert rallies or tax alert programs.

I want to relate one of the many phone calls that I got in my riding. It was from a young mother. She said: "I am 24 years old. I have three young children. My husband has a good job. He makes a good wage but we are just getting by. Please do not raise taxes. Do what you can to make sure taxes are not raised. We just have no room to move".

I said to her: "I understand where you are coming from. I will do my best to see that your tax burden is not increased". Just before she hung up she said: "There is one other thing that really bothers me. I know the social programs are important but I have a neighbour who is on social programs and in many ways that family is living much better than we are".

The message was that there are people riding in the wagon that she and her husband are pulling who are enjoying more benefits than they are. That has to stop.

Raising taxes are counter productive. For 25 years now we have told the Canadian people that we have to raise taxes and we are going to address the deficit and the debt. In fact what has happened in those 25 years is the exact opposite. While we have raised taxes, the deficit has increased and as a result, the debt has increased.

There is absolutely no justification for any tax increases. They achieve the very opposite to what they are supposed to achieve. We already have a huge underground economy because the Canadian taxpayer has said: "I am giving you more tax dollars and I am getting less service. I am going to find a way to escape this tax burden".

That underground economy is very difficult to get a handle on. I have heard figures from \$5 billion to \$30 billion. Whatever the number is, it is huge. By increasing the tax burden, we will only inflate that figure, whatever it is.

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Today we introduced the taxpayers' budget. It is the first time this has ever happened in Parliament to my knowledge. No party in opposition or third party has come forward with an alternate budget.

We said when we were campaigning that we would offer constructive criticism. That is what we have done. We have been saying cut. In this budget we are outlining where those cuts should be made and the departments in which they should be made.

Twenty-five billion dollars in three years is not a draconian target. We are talking about \$8 to \$9 billion a year from a \$750 billion GDP. That is about 1 per cent a year. It can be achieved and it must be achieved.

It will bring some pain but it will be short term pain for long term gain. The cuts have to be made in all sectors, not just in the social services. We have to do it in the public and in the private sectors.

I get concerned when I hear the message that we are out to destroy the social programs. That is not true. We have been spending \$80 billion on these social programs. What we are talking about is \$65 billion. That is not destroying the social programs.

(1250)

If these people really wanted to protect those truly in need, they would be working with us to see that the cuts are made. There is lots of room to improve the efficiency of those programs and deliver them in a better way at far less cost to the taxpayers.

When taxpayers hear that they do not understand what they are asking for when they ask for reduced spending, you are insulting their intelligence. They do understand. The taxpayer in many ways is miles ahead of the politicians, and when taxpayers read that their protests are futile, we forget who is working for who.

We are dealing with an aroused and an informed voter. They understand. They are aware of the situation. No longer are they prepared to roll over and take it. They are speaking out. They spoke out on the cable situation and found out that they can make a difference. Government will ignore the messages that are being given to us at its peril.

The Acting Speaker (Mr. Kilger): I might ask the member for Simcoe Centre to indicate to the Chair if he is splitting his time.

Mr. Harper (Simcoe Centre): Yes, I am splitting my time, Mr. Speaker.

The Acting Speaker (Mr. Kilger): There will be five minutes for the member for Simcoe Centre, subject to five minutes for questions or comments.

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Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, today I stand here with a great deal of pride in being a Reform member of Parliament who was a part of the Reform team that put together the taxpayers' budget that was presented across Canada. I am proud of that, but what we are talking about today goes far beyond partisan politics.

It goes to a problem that truly threatens the country. It deals with a problem which has come from successive flawed assumptions under which governments have been operating for some time. I will talk about those flawed assumptions later.

I would first like to talk about the warnings that have come from various sources which the government must not ignore. These warnings come from various groups and individuals across the country and from around the world. They are telling the government that its target of reducing the deficit to 3 per cent of GDP in three years simply is not good enough.

These warnings have come, as I have said, from a variety of sources. Most recently they came from Moody's Bond Rating Agency. They have come over the past from the C.D. Howe Institute, and from the Fraser Institute at various times. The warnings that this target is not good enough came from the *Wall Street Journal* and the *Washington Post* just a few weeks ago.

I attended a conference in Toronto in November entitled "Hitting the Wall" at which the warning came from a wide range of speakers from various backgrounds who had been involved in governments which had gone through economic collapse and had been part of government and opposition parties who were involved in the clean up after the economic collapse. Their warning was very clear. It was that the scenario we are living right now is so similar to what they lived through in their countries that Canada should heed the warning.

The warning came at this conference from a Japanese bond buying agency that said that already Canada is paying unnecessarily high risk premiums on money that it borrows from outside the country. The reason I say that the risk premiums are unnecessarily high is that if governments in the past had been more serious about setting targets far stronger than the 3 per cent of GDP in three years, we would not be paying interest rates nearly as high as we are paying now. The warnings came from a public sector actuary who talked about the fact that the Canada pension plan is non-sustainable. It is not actuarially sound and it cannot be sustained under the present set of rules.

(1255)

The warnings came from others, but there were several consistent messages that came from each and every one of the speakers at the conference. I know the government has heard

these messages before but it should hear them again. The messages are as follows.

First, Canada has a serious overspending problem. It is a very simple and direct message and the government must hear it.

Second, the problem must be dealt with quickly. Again, this message has been given by people from across the country and around the world but it does not appear to have been heard.

The third message is that the Minister of Finance's budget is a last chance budget. The speakers at this conference, "Hitting the Wall", to a person said that this is the last chance. If the government does not get serious beyond the target of reducing the deficit to 3 per cent of GDP in three years there is a very real possibility of economic collapse.

This is a last chance budget because it will be much more difficult for government to deal with the problem next year than it is this year. It will not happen. The political will just will not be there to make the extremely tough cuts and to take the tough measures that will be necessary a year from now.

Compounding interest, rapidly increasing debt, ever-increasing proportions of government spending going to interest payments on the debt would all make it much more difficult next year. These speakers said that there is no precedent in the world where a government has taken the tough measures necessary without going through economic collapse.

The warnings are there. The Liberals should consider this Reform budget as another warning. There are a lot of measures in it that I have heard expressed as recommendations by people in my constituency and in other places across the country who I have spoken with over the past several months and years. These are not just measures which were dreamed up by a group of Reform MPs. These are measures that have been proposed by Canadians.

I would like to go through something that is presented in our budget material and talk about the flawed assumptions which have led to the mess we are in now, the flawed assumptions which this Liberal government will continue to operate under. Then I would like to go through the positive results that would arise from the new set of assumptions which the Reform Party has presented. I will begin by reading the motion which we are debating today. The motion reads:

That this House reject this government's totally inadequate target which reduces the deficit to 3 per cent of GDP within 2 years and will leave Canada, at the end of the period with a federal deficit of about \$25 billion, a federal debt of over \$600 billion, \$50 billion in annual interest payments and higher taxes.

That is the motion we are debating today. This motion stems from one of the flawed assumptions under which this Liberal government has been operating since it came into power a year

and a half ago. I will go through these and talk briefly about the consequences which arise from them.

The first assumption is with respect to jobs. The assumption is that government can solve the unemployment problem through public spending. That is the flawed assumption we have laid out in our budget today. In fact, that assumption was presented an hour or so ago by a member from the Liberal Party when he was talking about all of the things which his government had done. One of the wonderful things that member said was that his government had created jobs. I believe he said that his government created 40,000 jobs.

(1300)

When Reformers reminded the member across the floor that it probably was not his government that created those jobs, that it was probably the private sector, the member backed off on that statement. He realized the error of his ways, at least for the moment. The error was that government does not create jobs; private business does.

The consequences of this flawed assumption and operating under this flawed assumption are that government spending is now at an all time high and there are over a million unemployed people in the country. If government spending would create jobs I would suggest that all Canadians would have more than one and more than they need.

Governments have been overspending to a point where we have an accumulated debt today of over \$550 billion. Governments have been overspending for 30 years. Has that helped to deal with the problem of unemployment? The answer is no, we have over a million unemployed Canadians today and that is an unacceptable level of unemployment.

The second flawed assumption is in the area of social security. The assumption is that government is the best provider of social security through publicly financed universal programs. I think I can fairly say that is the assumption the Liberal government and past governments have been operating under.

The consequence of operating under this flawed assumption is that despite big government programs, the social fabric of Canada is unravelling. Health care, pensions and other programs are in financial trouble. Programs like UI and welfare create a disincentive to employment.

The third flawed assumption is that government spending, deficits and debts are okay if they are incurred in the name of jobs and social security. The consequence is that government spending and overspending are the biggest threats facing Canadians with regard to social programs today.

I invite members opposite to read our budget with an open mind and to consider its contents seriously in the final prepara-

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tions of the budget to be presented next week. I certainly welcome their questions.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have been here for a good part of the debate today and I am dismayed to learn that Reform Party members in making their remarks are not really addressing their budget document.

Indeed I was here for the opening two speeches this morning from the Reform Party and they like the last one constituted really nothing but denunciations of the Liberal Party position which they are waiting to hear in the budget next week.

However they managed to use their document as some kind of launching pad for attacks on a non-existent government budget at this point. They are still attacking last year's budget and saying that government measures are inadequate when they have not yet learned what they are.

It surprised me that I could not get copies of the Reform Party budget for the longest time. I have finally obtained one. We were told in all the news reports this morning that their budget was going to be announced in the House. I am surprised that we have not heard more about the Reform budget.

I have some questions that I would like the hon. member to answer. I know he has very limited time, having wasted most of his presentation on attacking the government instead of dealing with the positive aspects, if there are any, in the Reform budget.

What is in his own party document that will be so popular with Canadians? Or, is it so unpopular that they do not want to talk about it in the House today? They want to use the opportunity to try to blame the government for all the ills instead of looking at the document they have produced, coming clean with Canadians and telling them what bad policies they have proposed in their budget document.

(1305)

Why have they not discussed it? They keep referring to it but they never give specifics. Would the hon. member give us specifics and tell us what cutbacks in social programs his party proposed in their budget document so all Canadians can hear what the Reform Party has in mind?

Mr. Benoit: Mr. Speaker, the hon. parliamentary secretary commented on copies of our budget not being available. Of course they were. We announced that our budget would be unveiled in West Block, Room 200, at nine o'clock this morning. Liberal members of Parliament were more than welcome. I was pleased to see that one attended the unveiling. Copies have been readily available. They are certainly available in the lobbies now, as the member knows.

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The parliamentary secretary of all people should know that when debate is on a certain topic we should try to stick to the debate as much as possible. The debate today is on the Liberal government's very weak deficit reduction target of 3 per cent of GDP in three years.

We will talk about our budget as we have been today. We have presented some important information regarding the budget. However we have to make sure it fits in with the topic for discussion today, the motion that has been presented rejecting the 3 per cent of GDP in three years as a target.

In terms of specifics, if the hon. member has read this document which is available and which he acknowledges he now has, he would know that we presented a lot of specifics. We presented detailed numbers in terms of reductions in the social program spending area and in areas outside social programs.

We cannot only look at spending when we talk about this budget. We also have to look at the empowerment measures that Reform has presented along with the numbers. The numbers are important in the budget but they are there for anyone to see. It is important to balance that. If we are talking about spending cuts in the area of social programs and other areas, it is really important to show the empowering measures to help people deal with the coming cuts.

This approach is far more valid than the Liberal approach of pretending that we do not have a serious problem and therefore not bring forward a budget to deal with the serious problem we in fact have.

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I am shocked at the message I have heard from Reform members opposite today. It is difficult to believe that a party would be so irresponsible as to easily play the game for international monetary traders and talk about problems that do not even exist: rhetoric and no specifics.

I have read the document and I have seen no specifics in it. I would call the paper put forward by hon. members opposite Reform draconianism. That would be a good description.

The facts are contrary to what the motion states. We have the first Minister of Finance in ages who has set targets and is prepared to meet them. He is willing to take the tough measures in a reasoned and planned way.

Could the hon. member opposite name the cuts specifically in summary? Could he bare them to the bone so that we can see what he is specifically talking about in the paper he mentioned?

Mr. Benoit: Mr. Speaker, there is a list in our budget document that explains in detail our proposed cuts and the background supporting information on why it is necessary to make cuts in those areas. As we go through our debate today

these numbers will be presented. They are here to read. Surely Liberal members can read as well; I believe they can.

The hon. member for Malpeque talked about Reform draconianism. I want to talk about that. The reality is that if we continue down the path we are taking now with government overspending to the tune of \$38 billion this year and a debt of \$550 billion, we will lose the bulk of social programs.

Which is more draconian: losing the bulk of social programs or reducing spending on social programs by \$15 billion out of total government spending of about \$155 billion in that area, that is reducing federal and provincial spending together to about \$140 billion? Which is more draconian: saving social programs and targeting them to the people in need or losing them?

(1310)

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, it seems to me that Reformers are Tories in a hurry and we know what the Tories did to the country.

Everyone knows we must get our fiscal house in order. We must reduce spending and draw a line on further taxation. We must reduce borrowing. We need to move toward better accountability in government programs and allow people to participate in these decisions to a greater degree.

I have been amazed by my colleagues in the Reform Party. That party supports the concept of a flat tax. We might as well call the earth flat. In a statement the leader of the Reform Party proposed a flat tax allowing lower income families to be exempt. Interestingly enough, those with average incomes in excess of \$94,000 are currently paying 66 per cent of all personal income tax in the country. If one was to create a flat tax it is clear that income tax would have to be collected more from the middle class.

It certainly has been a strange week for me debating with Reformers and the Canadian Taxpayers Federation. People are saying no more taxes, while these members with their hidden agenda intend to increase the relative burdens of the middle class.

The Reform Party talks about funding of special interest groups. I object to the funding of these groups. However, what special interest groups do the Reform Party represent? I do not remember a groundswell of opinion of people in the country to transfer tax burdens from the wealthy to the middle class. The middle class is taxed beyond belief. Forty-five per cent of the average family income goes to some form of taxes. The concept of reverse Robin Hood is not supported in any progressive jurisdiction in the world.

For my own part I have initiated what I like to call a taxpayers' bill of rights which basically has three components.

It is a private member's initiative of my own. It talks about accountability, the accountability of existing and future government programs, that they must be costed in totality and on a taxpayer basis. If this legislation had been in place I believe taxpayers and the electorate in general would have made better decisions that would have possibly prevented us from being in this mess today.

I also proposed a taxpayers' ombudsman that would act as an ombudsman between taxpayers and tax collecting authorities to protect from onerous collection procedures that often occur. As members of Parliament we can all think of how acts have actually been to the detriment of many honest law-abiding people in Canada.

Another part of that bill talks about freedom from undue taxation. It basically sets a cap of 55 per cent in totality of income on which total taxes can be paid. It simply attempts to reduce that by one per cent a year for the next 15 years. It starts with a 55 per cent cap and reduces it. It is a clear solution to some of our spiralling taxation problems.

The motion is just more of the Reform Party's fantasy world. It must be nice to get up in the morning to all this glittering tinsel but, alas, it is truly a wonderland.

To move too fast in the direction of deficit reduction is just as problematic as moving too slow. As programs are cut it will reduce the federal government's share of income taxes, exacerbating the problem. Let us remember the legacy of the Tories reducing spending, increasing taxes and spiralling deficits, caught in a continual loop. This is where the Reform Party would take us but only faster.

We must break the back of deficit and debt. However we need to walk the fine line between reductions and allowing the economy to grow. We would have thought that a party from the west would be familiar with the tight-fisted policies of R. B. Bennett and how these turned the west into a virtual wasteland of the thirties.

People come to rely on aspects of government programs whether social or rapid write-offs for capital investments by businesses. That does not mean they cannot and indeed will be changed. What we are talking about here is a rapidity by which change occurs.

(1315)

Creating uncertainty in the business sector as well as other sectors of the economy may well witness a flight of capital. To the extent that we create contraction in the economy, other countries will look more promising to invest in. An outward flow of investment will result in the loss of jobs, further exacerbating our deficit and ultimately throwing us into a recession or worse. I am talking about a situation of reverse economics. Clearly to take government moneys and contract the economy is going to create a bigger deficit than we already have.

Supply

These are the policies of the Reform Party, the policies of wrack and ruin. It has taken us 20 years to develop the situation we now have. Regrettably we have to deal with it. The question is how quickly.

A slash and burn mentality does not work. We have to maintain the underpinnings of the social fabric of this nation. More important, we cannot afford to turn the corner that is basically going to put us into a recession or worse than that, a depression. Other countries have dealt with this matter in similar circumstances and have created some of these negative spiralling effects that will actually drive the economy into worse shape.

Clearly the way to get out of a deficit problem is to slowly grow the economy. As the economy grows, revenues from governments increase. By going too fast we run the risk of contraction. That contraction will just exacerbate our problems. The Reform Party does not seem to recognize that. The Reform Party would have us driven into a recession or depression within the next three years. This is unacceptable.

What is the solution? Keep the economy growing. Gradually reduce the deficit with targeted or slightly better than 3 per cent of GDP. Increase foreign trade.

Of the component aspects of national income another very important one is our current account deficit. As we can attract more foreign dollars into our country we can deal with the deficit more aggressively. I am happy to see that during our tenure that account deficit has been reduced from \$30 billion to \$15 billion.

Trade initiatives such as China, South America, more trade with the United States through NAFTA, these are all positive things to bring Canada out of its deficit situation and controlling debts and deficits as they continue in the future. This is clearly the way to go, not through a tremendous contraction of the economy.

In conclusion, we simply cannot afford pushing our economy back into recession. Worse, we cannot afford the luxury of letting the upper income brackets of this country shift their taxes to the middle class.

Once again it has been amazing to me in the last two or three weeks to watch the large crowds the Reform Party has put together. People are saying to cut spending. The other day in Pickering a gentleman was sitting with a sign which read "cut spending". After the meeting he came up to me and said: "I live in your riding. I am on unemployment insurance and I need a training grant".

It is clear that Reform Party members are misleading people, that somehow these cuts do not affect their own people. Worse than that, the flat tax, or as I say the flat earth tax, is an allocation of taxes from the upper income groups to the middle income earners. Do the middle income earners really know that is the Reform Party strategy, that they will bear proportionately more of the taxes?

Supply

I can think of no other country in the OECD or any other nation on the earth that subscribes to this policy. The Reform Party will tell us this gives incentive, it creates jobs. What it really does is it lines the pockets of the rich. This is not the policy of the Liberal Party and never has been.

(1320)

Progressivity in the income tax system is accepted throughout the western world. As I said, I do not think the Reform Party has been totally honest with Canadians and with this Parliament. In conclusion, clearly we cannot afford the Reform Party.

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, I listened with great interest to the hon. member's suggestion that a reduction of government spending equal to 1 per cent of GDP would cause an economic contraction and downturn in this country. Surely the Canadian economy is not that feeble.

The hon. member stands there and uses the old Keynesian magic of pump priming. Just spend more money. Get the government involved as deeply as it can in the economy and everything will be fine.

If that discredited philosophy worked, this country would have no problems. Canadian governments have spent like drunken sailors for 30 years. If Keynes was 100 per cent right, then there would be no unemployment in this country. There would be no debt. There would be no deficit.

We have heard it all. The previous two governments have done it all. They have wrecked this country by abiding by their faith in this wonderful pump priming philosophy. They should have the gumption to face up to reality, see what has been happening in this country and perhaps join the new parade. Start to realize the people out there know what is going on. That is why they come to these rallies. The ordinary common people are speaking and telling us as parliamentarians to get our act together.

Mr. Shepherd: Mr. Speaker, once again we are talking in some similarities. We know we are going to have to cut spending. All my Liberal Party colleagues have talked about cutting spending, so this is not new.

To start off on a little study of economics, the Keynesian philosophy was basically correct. The problem with Keynesian economics is that we did not take the other side of it which is that during periods of expansion in the economy we save. We continued to spend during good economic periods and we are paying the price for that.

Having said all that, Keynes also talked about levelling off the areas of the ups and downs of the business cycle. These are the things the Reform Party does not understand. In other words, we cannot have a situation where we create a tremendous contrac-

tion in the economy so that there is no growth. In fact there would be negative growth. There would be a recession.

By moving too quickly on the deficit, this is where the Reform Party will take us. We will be going nowhere. We will be in a worse situation because we will not have any tax revenues and our deficits will continue to spiral. It is very important that we continue to foster growth in the economy, to create certainty and to keep and meet our deficit target.

[*Translation*]

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, the question that the Reform Party asked about the federal government's deficit and debt will obviously get a lot of press because they are very serious issues. We all know it.

I think that the cuts that the Reform Party will propose will not fix the monstrous problem facing Canada. The Reformers will table their budget, a bogus budget containing \$15 billion in cuts to social programs.

This is nothing new, since their policies centre on eliminating social programs, even though they have contributed the most to Canada's success up to now.

(1325)

They propose another \$10 billion in cuts to government operations, for a total of \$25 billion, and they think that these cuts will stimulate an economic recovery and that the economy will create jobs all by itself.

I must concede that the Reform Party had the best intentions when it made this recommendation—the deficit and debt are very serious problems—and I must agree that when we look at these problems from a critical distance, they are very disquieting. Moody's already issued a warning to Canada last week regarding the budget. Several foreign investors are also worried, all the more because, according to the federal government's own calculations, it is projected that Canada's debt will reach \$800 billion by the year 2000.

In other words, they project that it will climb by around \$50 billion per year in the next six years. It is as if the federal government were stuck in a vicious circle of debt increases, and of deficit increases even, because I have yet to see tangible proof of the government's intention to reduce the deficit and to get the debt under control. We can only hope that they deliver something concrete in the next budget.

Up to this moment, we have been grappling with a debt and a deficit that are out of control. We have a federal system that, for all intents and purposes, is teetering on the brink of bankruptcy, like a ship that is slowly sinking to a watery grave. That is the situation in which the federal government currently finds itself, a serious one indeed.

Supply

I would even go so far as to say that the problem goes beyond simple economic calculations. It is also a historical issue. This debt and deficit were not created yesterday, they are not the result of poor management. A country, like a political system, is not a business like any other. There are needs and policies. We invest in programs which are not cost effective, unlike other businesses. This may be one reason among many why the current Canadian federal system is creating a debt, as well as a deficit, and is poorly managed.

There is a problem within the federal system. Right within the Canadian federal system, there is a mechanism which allows money to be wasted, to be spent in certain ways while the debt merely increases. I would like to give you a few examples. Let us consider some of the history of the federal system.

One must recognize first of all that Canada was founded on concepts which are no longer valid today. It was founded on the concept of uniting east and west. This is the great Canadian dream. This country, as we know, was shaped by an ideology which may have had validity at the time, but is now completely outmoded. We know that true, concrete and cost-effective economic trends involve a north-south dynamic, whereas for years and even a century the federal system has attempted to implement an unnatural system, basically between the east and the west, going against the natural north-south dynamic.

(1330)

To achieve this goal, the federal government had to introduce several very costly policies. This attempt to keep east and west unified was of course no easy matter. It was very expensive; it has been very expensive. Considerable investments were necessary to maintain a system which was, shall we say, artificial.

In cultural matters, for example, think of the billions of dollars invested to create a Canadian culture, while most English Canadians now wonder what that culture is. But if we consider the billions of dollars spent on creating this culture, the image of a unified country, we would have to say it has been a waste of money. In the area of culture alone, we can think of cultural industries that were set up after the second world war, after the Massey commission, which set up the Canada Council and the National Film Board, and which made all sorts of demands on the CBC.

They set up, so to speak, with great panache and a lot of money, an industry to try to create an image of Canadian cultural unity. It did not work. It cost a lot, however, but it did not work. So, today, we are left with all the debts from this unfortunate undertaking, this unfortunate policy. Now we are paying these debts off and we are paying dearly. Those of us in this House are not overly concerned, because we will not be the ones to pay, really. It will be future generations, for sure. We can see from

the policies of the federal government how the young people in particular will be paying.

I would like to give you another example. I could give quite a number of examples of mistaken policies by the federal system, which established these grand policies in an attempt to ensure its own survival as a system. The federal system established these policies in order to survive as a system. Not to protect the interests of the public, not to protect the interests of the regions or of communities, but to protect its own priorities here in Ottawa. It is as if the federal system in Ottawa had a life of its own. The policy of bilingualism, for example, established by Pierre Trudeau, which cost a lot, was not necessarily what was recommended by Quebec, the major stakeholder in this issue.

Of course, bilingualism cost billions of dollars and we know very well that, if we look at it analytically, that investment achieved nothing at all. There was no positive spin-off whatsoever following the investment of billions of dollars in that policy. We all know very well that anyone who knows anything about francophones outside of Quebec knows that those billions of dollars were spent with the best of intentions but they were attempts at artificially resuscitating communities gasping for their last breath. This was another unsuccessful policy.

We can say the same for several other areas, including health. Just look at how the federal government has imposed itself on the provinces since the 1940s in areas falling exclusively under provincial jurisdiction, like health and education. The federal government did this in order to survive as a system. Once again, today, we find ourselves in a situation where our system is on the brink of bankruptcy, is insolvent, and is unable to continue to apply its policies because they were senseless from the start and are still senseless today.

(1335)

I would like to say to you that one of the reasons Quebecers want sovereignty is to get out of this absurd system. It is not only weakened by a monstrous debt, but, considering all of the policies the government is trying to enforce across Canada, it is absurd.

[English]

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I appreciate the remarks of my colleague from Québec-Est. I would like to ask him a question in the context of his remarks that Canada as an entity always trades north-south and that a lot of the east-west trade we have is arbitrary, expensive and not profitable.

Do I take it he would recommend the Quebec dairy producers trade only north-south, that milk marketing arrangements between Quebec and the rest of Canada, particularly Ontario, should be dismantled forthwith and Quebec would be better off if it traded only north-south in that context?

Supply

Mr. Marchand: Mr. Speaker, I thank the the member for his question. It is quite interesting. However, I think he has misunderstood what I said with respect to east–west economic ties in Canada.

It does not take an expert to explain and every economist recognizes that the east–west link in Canada is historically and artificially built and that the natural tendencies in our economic trade are north–south. However, this is not to say that Quebec when it becomes sovereign will not want to trade with western Canada, Ontario or the other provinces.

Those economic bonds that have developed between Quebec and the other provinces are good and should continue. It is good not only for those provinces, Ontario and the west, it is good for Quebec as well.

Let us not be simplistic in our economic approach. It is not a question of severing those good things in the system. It is a question of liberating us and all the regions in Canada to be able to develop where economic development is due.

Take Alberta for example, a province well represented by the Reform Party. If we look at its economic situation, we will see that 40 per cent of its trade is with British Columbia, and another 40 per cent is with Asian countries, with the far east; a small 20 per cent with the rest of Canada.

It is totally normal. It is not a political statement to recognize those facts. It is just normal, economic practice.

[*Translation*]

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, I listened with a great deal of attention to the rather passionate but highly erroneous speech by our colleague opposite.

I find it strange to hear them describe the Canadian federation as being bankrupt. I do not think this is true. I am sure that if you look around you, and I see the hon. member opposite—

The Acting Speaker (Mr. Kilger): I know that speeches can be passionate, but I would remind the House that all comments must be made through the Chair.

Mr. Gagnon: Thank you, Mr. Speaker. We must keep in mind that we can count on a secure market of almost 30 million people. It is important to stress that this market is very important for Quebec products.

That said, the Canadian federation remains a system where we give priority to financial equalization by helping those provinces always in need of financial or infrastructure support.

Let us look at Quebec, for instance. As you know, for the last year, Quebec will receive over \$3 billion in equalization payments. Quebec comes out a winner as a result of belonging to the

Canadian federation. I find it regrettable that they question federal government services such as Telefilm Canada, the Canada Council and Radio–Canada. The Bloc Québécois is wrong to say that the system never worked for Quebec, when we know full well that Quebec receives nearly 40 per cent of federal budgets allocated to certain federal government services. That is something we must keep in mind, Mr. Speaker.

(1340)

They also talk about international markets and say that things are not going well for Quebec, but we must remember that well–known Quebec businesses such as Bombardier and Tembec and many other new small businesses received help from several federal agencies. They received help because of the partnership with the federal government.

We must not forget that many of these officials are from Quebec and believe in Quebec products within Canada.

Mr. Marchand: Mr. Speaker, I can think of several possible ways of answering the muddled remarks of hon. member for Bonaventure—Îles–de–la–Madeleine.

He is telling us that Quebec always got what it asked for from the federal government. Quebec did get a number of things, but Quebec cannot be said to have been the big winner on things that mattered and here are two examples.

First, the most important industry in terms of economic development has been the automotive industry. As the people from out west will tell you, it has all been concentrated in Ontario. You know how important this industry is; it drives the economy. If you need another example, think of the energy sector in Canada.

What happened in that sector in terms of funding? Over the past decade, the federal government has invested \$12 billion in the development of atomic energy in Ontario. And each year, another \$100 million to \$130 million in new funds are spent on atomic energy in Ontario. During this time, how much did the federal government invest in hydroelectricity in Quebec? Not a cent.

This is only one side of the story. We must think about what the people in Western Canada, and Alberta in particular, have gone through. Think how they were taken in by the federal government decision to tax oil produced in Alberta. They are certainly justified in thinking that the federal system is unfair, because we are dealing with investments made essentially to serve the petty interests of that system.

Mr. Benoît Tremblay (Rosemont, BQ): Mr. Speaker, I think that when they read the motion introduced by the Reform Party, many Canadians, Quebecers and foreign investors would agree.

Supply

I think the target to reduce the deficit to 3 per cent of GDP within two years is an absolute minimum. In fact, it will not be that difficult since this year, the deficit is expected to be two or three billion less than forecast.

The trouble with the Reform Party's proposal is that it is accompanied by a series of proposals to reorganize the government. We agree with some of them but on the whole, it reflects an ideological vision that focuses on government operations and government spending and ignores all other aspects of the economy.

To Reform members, any government is a problem, except for policemen and prisons, because if we look at how they want to amend the Criminal Code, soon 10 per cent of all Canadians will be in prison and they will need accommodation. Pretty soon it will be like California, where the biggest budget item is not health care but police forces and prisons. In Canada and Quebec, we still prefer to see more money spent on health care and education than on prisons and police forces.

They forgot to include a huge prison construction program in their budget.

The Acting Speaker (Mr. Kilger): Order. I appreciate the fact that in the course of their speeches, members may wish to refer to certain texts, but they are not supposed to use props.

Mr. Tremblay: Mr. Speaker, I think people realize I was referring to the budget proposals of the Reform Party. As I was saying, they forgot to include a huge prison construction program which would probably be the only job creation component of their party's platform.

Of course we are concerned. I think we have reason to be, and we share their concerns as we share those of many Canadians.

(1345)

We must understand that, at present, the Canadian economy is operating at about 92 per cent of its potential without inflation. This means that there is room for another 8 per cent increase in production without causing any increase in inflation in Canada. How did that come about? You must know where you are coming from to know where you are going. It is simple: the 1980s saw two major recessions aimed at breaking the cycle of inflation. Because of a total lack of co-operation between the various regions and economic agents in Canada, the rate of inflation was allowed to rise during the 1970s and into the early 1980s, when it averaged 12 per cent. It was just plain insane. The Bank of Canada used the big stick because people capable of managing the Canadian economy in co-operation, like in Germany and several other countries, could not be found in this place. That is why the big stick of interest rates had to be used.

So, interest rates skyrocketed and precipitated a major recession, which in turn caused unemployment to increase sharply

and, of course, inflation to fall from an average of 12 per cent to 5 per cent. Economic recovery was under way, but we never recovered from the jobs lost. In 1989, the Bank of Canada decided once again to aim for zero-inflation, at a time when the average rate of inflation was about 5 per cent. It did meet its target, but at what price? By jacking up interest rates so as to stifle the economy in Quebec and Canada. So much so that our production rate fell down to 90 per cent. It fell so drastically that for the next three years, the economy grew only marginally. There was no real economic recovery in Canada while the United States had already recovered.

So, this is a duly-considered policy, because of the lack of co-operation in this country. This must be pointed out, even though it is not at the forefront any more, now that inflation has been curbed for a little while, but this inability to co-operate, to work in co-operation in this country is still a problem.

Think back to the 1980s when the Economic Council of Canada and other agencies made it clear economic co-operation was urgently needed in order to curb inflation. As some of you may remember, at the beginning of his mandate, Brian Mulroney organized a great Canadian forum to initiate a consultation process, which was a failure, but achieved his inflation-fighting goals by using the stick approach. Ontario was very prosperous at the time but it let its spending get out of control and now finds itself saddled with an annual deficit of \$10 billion. We were never able to make people listen to reason.

Part of the problem is that we have to realize our economic potential as soon as possible without causing inflation. That is why we need economic growth. We see that, in the last year, government revenue went up by between 7 per cent and 8 per cent because more people are working and therefore paying more taxes. UI benefits went down not only because of the cuts but also because more people are working. We still have a way to go before realizing our full potential.

On the other hand, the actions taken by the Bank of Canada and the stick approach that was used have made the Canadian dollar very volatile. Our dollar went from 69 cents to 87 cents, then back to 70 cents. We are playing with foreign investors' nerves by allowing the value of our currency to fluctuate by 25 per cent. This does not make any sense. We must hold economic consultations so that these fluctuations can be avoided.

If Canada's interest rates are what they are today, it is partly because of the debt, but also because confidence in the Canadian dollar has been shaken by our inflation-fighting policy.

(1350)

I am not saying that it would have been better not to do anything about inflation. The problem is that we must use different methods to fight it. Many people say that we are living above our means. This is partly true. There is a very simple way to find out: one only has to look at our balance of international

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payments. And now, with our dollar at 70 cents, we have restored that balance, to a great extent.

The challenge for investors and Canadians alike is to determine if we can hold on long enough. Our tourism deficit has gone down, and this year we will have a very substantial trade surplus of \$17 billion, but we still have a cumulative debt on which we pay about \$30 billion annually in interest payments to foreign investors.

Even if we start living within our means, compared with other countries, we have to keep paying, because at one time we spent more than we could afford, and now we are stuck with interest payments we have to pay abroad. This situation has to be turned around as well.

What makes people worried? Why was Moody's worried last week, for instance? Did Moody's say: Listen, social programs are too expensive? Not at all. Moody's said: Structural reorganization is necessary. For instance, there are practically no more fishermen left, but the Department of Fisheries and Oceans still has the same number of employees. The department has more employees that we have cod. This does not make sense.

The same thing happened at the Department of Energy, Mines and Resources. The national energy policy was abolished in the early eighties, but they kept the same number of employees they had when they were still managing this energy policy.

The federal government has increased its involvement in a wide range of sectors—and not only in areas under provincial jurisdiction—to the extent that it is no longer economically feasible. We need a major reorganization, and of course we are looking forward to the budget.

Relations with the provinces are a problem, not only because structures are unwieldy but because they are inefficient in some areas. Years ago we came to the conclusion that manpower training was essential, and in this particular area there was no agreement at all between the federal government and the provinces—and not just Quebec—and there is no way we can act effectively.

Of course in Quebec the situation is even worse. Why? For the simple reason that Quebec was Canada's first industrial heartland. This means we had more mature industries in the railway sector, shipbuilding, and so forth, than in other provinces. When these industries started shrinking, new industries came in. There was a very substantial restructuring of our economy, but we did not have manpower training to ease the transition for a machinist from the railway sector to the aeronautics industry. There were no resources to provide for that transition. The situation was worse in Quebec for the very simple reason that we had a much larger share of Canada's old economy.

The problem is now becoming acute in Ontario, because while Quebec's economy has largely been restructured, Ontario has a problem with its own mature and very mature industries like the automobile industry, where like recovery is temporary, and the steel industry. They now have to cope with problems that Quebec experienced 10, 15, or 20 years ago, problems we were never able to solve with the help of the federal government.

Reorganization is needed, and here I am speaking from the Canadian, the federalist point of view. I am not talking about being capable of developing our aspirations as a society. I talked about it this week in the debate on the Young Offenders Act, when referring to the fact that Quebec's perspective was entirely different from that of the present Minister of Justice. I could have elaborated on this, but there is a big problem, even if we wanted to stay in Canada.

[English]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to begin by saying to the member for Rosemont that I too share his view that the obsession with ratcheting inflation down to zero per cent during the last four years for all intents and purposes killed the economy of this country. It broke the entrepreneurial spirit of thousands of small and medium size business men and women, which ultimately led to unemployment numbers that we are still fighting to cope with and put people back to work.

(1355)

My concern is the fact that the member did not put forward some specific recommendations on how we can fire up that economy again. I realize that the member talked about excessive numbers of public servants when we have done some downsizing in energy and other departments of government. The cost by having those public servants working or the savings that would have been made is not enough to really get this economy going again.

I wonder if the member would put a couple of specific recommendations on the floor of this House on how we could fire up this economy and get people back to work. As I have said, it is important to have fiscal discipline in this country but my concern is that we are not spending enough creative time in dealing with constructive ways, creative ways on how we put the 2.2 million people who are unemployed in this country back to work.

Could the member put a couple of specific ideas on the floor of the House?

[Translation]

Mr. Tremblay: Mr. Speaker, I would like to thank my colleague for his question. Given our time constraints, I would refer him quickly to the ten recommendations by the Bloc Quebecois which he may read himself instead of my listing them now.

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I think it is clear that if we want everyone to put his shoulder to the wheel, and that is what these recommendations are based on, people must share the same concept of fairness. In our recommendations, clearly, we denounced tax situations which are totally unacceptable. I think fairness is the essential foundation upon which dialogue and the will to work together are based. I am referring for instance to family trusts, to the delay in reviewing the Income Tax Act in regard to resource companies, and to the fact that they are now to be given up to \$1.2 billion. It is therefore an issue of fairness.

There is also an issue of effectiveness which involves occupational training first of all. Even if jobs are presently being created in certain sectors, we know that occupational training must definitely proceed at a faster pace to allow people to take those jobs.

My time is up, Mr. Speaker; as you can see, I could have gone on a few minutes more.

The Speaker: My colleague, you retain the right, if you wish, to resume speaking after question period.

It being 2 p.m., pursuant to Standing Order 30(5), the House will now proceed to Statements by Members, pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[English]

THE BUDGET

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Mr. Speaker, as we approach budget day I would like to convey the concerns of my constituents of Lambton—Middlesex.

Taxpayers in my riding say they simply cannot absorb any more tax increases. While they can appreciate that this year's budget must be a tough one it should not be at the further expense of middle class Canadians.

On behalf of my constituents I would ask that the Minister of Finance not raise personal income tax rates. He should also note that for millions of Canadians RRSPs will be their main source of retirement income. The minister should focus instead on meaningful spending cuts and more efficient delivery of government programs and services.

The residents of my riding are very aware of the pressing need to reduce and eventually eliminate Canada's deficit, but there has to be fairness in accomplishing this goal. If the sacrifices are spread fairly then I am convinced that all Canadians will support us in our efforts to put this country's financial house in order.

[Translation]

FRANCOPHONES OUTSIDE QUEBEC

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, many debates in this House have revealed how reticent and hesitant federal politicians are to call attention, with figures to back them up, to the shameful way too many francophones are treated outside Quebec.

Federalists never mention the 38 per cent rate of assimilation of Franco-Ontarians, the 75 per cent rate of assimilation of francophones in British Columbia or even the 8 per cent figure for Acadians. These unfortunate data clearly contradict the claims of the supporters of federalism, who say nothing about the fact that these francophones must continue to fight for schools, health services, government services and cultural services.

The rest of Canada continues to watch indifferently as francophones are assimilated, while federal politicians continue making unfounded claims about the havoc Quebec sovereignty will wreak on these communities.

This is disgraceful and cowardly.

* * *

[English]

DANGEROUS OFFENDERS

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, in January I was starting a public meeting at Sicamous in my riding when a woman handed me a bag full of yellow ribbons. She said that the abduction and murder of Melanie Carpenter in mid-afternoon from her place of work was something Canadians should remember by wearing or displaying a yellow ribbon.

I then spoke about private member's Bill C-240 which would make it easier to designate convicted criminals as dangerous offenders. Had Bill C-240 been in force, Melanie Carpenter would be with her loved ones today.

Last week I received a fax from Sicamous saying that there are hundreds of yellow ribbons along the Trans-Canada Highway and down Highway 97A. People want to see a highway of yellow ribbons reaching all the way to Ottawa to prompt Parliament to act now.

I ask all hon. members to speed Bill C-240 through the justice committee and third reading so that others are protected from the tragic fate of Melanie Carpenter.

* * *

W. A. PORTER COLLEGIATE INSTITUTE

Mr. Tom Wappel (Scarborough West, Lib.): Mr. Speaker, I would like to extend my congratulations to the students and staff of W. A. Porter Collegiate Institute in my riding of Scarborough

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West on the grand opening of the greening of this institute. Under the environmental citizenship initiative, Environment Canada and Future Watch Environment and Development Partners have worked together to carry out this project.

What will be accomplished is the creation of a frog pond, the naturalization of school grounds, collection of indigenous tree seeds for growth in the school greenhouse for replanting in the wild, and stream clean-up.

This project is possible because of the support of community partners, in particular Canada Trust's Friends of the Environment, the Ontario Secondary School Teachers Federation and of course, the students and staff of W. A. Porter Collegiate Institute who are translating their environmental concerns into tangible action.

* * *

PEARSON INTERNATIONAL AIRPORT

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, there are over 550 licensed taxi and limousine drivers working from Pearson International Airport.

Insurance increases of 21 per cent, cost increases of 6 per cent and a 25 per cent reduction in fares are creating a situation where operators may be forced to apply for unemployment insurance. The real threat to the livelihood of these operators however is the illegal practice of scooping, the theft of business by unlicensed, uninsured illegal operators.

I urge the Solicitor General and the Minister of Transport to redraft the government airport concession operations regulations, put teeth into the enforcement process and curb the theft of an estimated \$6.5 million in legitimate business.

* * *

GRACE PINE

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Mr. Speaker, I wish to bring the attention of the House to the accomplishments of Grace Pine, a constituent of mine. Grace Pine recently received the Saskatoon citizen of the year award for her contributions to Saskatoon.

Grace Pine has had a distinguished career, including the directorship of the laboratory at the Fort Qu'Appelle Tuberculosis Sanatorium and subsequently volunteering with the Saskatchewan Anti-Tuberculosis League. In 1967, Mrs. Pine helped to found the Saskatoon chapter of Save the Children Canada.

The volunteer organizations which have benefited from her time and support include the Saskatchewan Council for International Development, the Canadian Catholic Organization for Development and Peace, the Saskatchewan Environmental Society, and the Saskatoon Native Theatre.

A colleague wrote of Grace Pine that she has been a role model for many who believe that we live in a global community and that we have a responsibility to those who have less than we do. These are truly words by which we should all live.

* * *

[Translation]

FÉDÉRATION DE L'ÂGE D'OR DU QUÉBEC

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, Quebec's seniors federation or Fédération de l'âge d'or du Québec yesterday added its voice to the debate of the draft bill on sovereignty at the Commission des aînés sur l'avenir du Québec.

(1405)

I will repeat the warning the federation gave to all those using scare tactics, to the effect that it hopes the debate on the draft bill would be conducted in all openness and honesty and that the use of fear, real mental cruelty, whatever form it takes, would not be any part of it.

Seniors remember the fear campaigns and alarmist speeches of the 1980 referendum campaign. Never again will we be victims of this blackmail, with the cheque bearing the maple leaf as the ransom. Everyone pays for this cheque with their taxes.

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[English]

EMPLOYMENT EQUITY

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, after 25 years of negative experience, affirmative action is under fire all over the United States. In June the Supreme Court may discard it altogether because of the growing body of evidence against it. However, in Canada the Liberals plod ahead in spite of evidence and public opinion proposing expansion of employment equity provisions through Bill C-64.

Employment equity encourages a mentality of victimization among Canadians. It harms morale in the public service and damages the self-esteem of designated groups. It poisons the workplace when jobs are awarded on the basis of sex or skin colour. Employment equity is costly and it overlaps with provincial and municipal programs.

While the government should ensure equality of opportunity and not equality of results, this government is now legislating offensive practices of discrimination.

Employment equity is unjust. It is expensive. It will not work. It is bad policy. Though well intentioned, it is wrong for Canada and the government must shelve this discriminatory legislation. No more C-64.

MUSHING FOR MIRACLES

Mr. David Iftody (Provencher, Lib.): Mr. Speaker, Mushing for Miracles is a community based campaign consisting of dogsledders from Ontario, Manitoba, and even Italy. They are on a 1,200 kilometre trek through communities in southern Manitoba to raise money for cancer research and camps for children with cancer.

I wish to thank Bob Draward and Doris Prefontaine from Lorette and all the people in the participating communities such as Lac du Bonnet, Whitemouth, Hadashville, Richer, Steinbach, St. Pierre-Jolys, Morris, Altona and Lorette who made financial contributions to make the challenges of young cancer victims less of a burden.

I want to let those children know that they are not alone in their battle. The people of Provencher are there to stand with them.

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ENERGY EFFICIENCY

Mr. George S. Rideout (Moncton, Lib.): Mr. Speaker, I would like to bring to the attention of the House this government's commitment to energy efficiency. At the same time Canadians are concerned with a secure supply of reasonably priced energy and the environmental impacts of energy supply, transportation and use.

In an effort to move toward sustainable development these objectives must be balanced. Improved energy efficiency can contribute greatly to meeting our long term environmental goals.

We have begun the process to improve efficiency in our facilities through the federal buildings initiative. Cabinet ministers are committed to this initiative. The Minister of Natural Resources has undertaken to make Natural Resources Canada the most energy efficient department in the federal government.

[Translation]

At the same time, we must strike a balance between economic development and improvements, for the environment's sake. With state-of-the-art technology and co-operation from all sectors, we can map out a strategy for Canada and rise to these important challenges.

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THE LATE LOUIS P. CÉCILE

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, the riding of Glengarry—Prescott—Russell is saddened by the loss of one of its most eminent citizens, the Hon. Louis P. Cécile. A native of Tecumseh, Ontario, and lawyer by trade, Mr. Cécile was first elected to the Legislative Assembly of Ontario in 1948. He was re-elected in 1951, 1955, 1959

S. O. 31

and 1963. During his long political career, he held three different cabinet portfolios.

After this illustrious career, he became an Ontario provincial court judge, a position he filled until he retired in 1980. On behalf of all of my constituents, I extend my heartfelt sympathy to his son Pierre and his daughters, Louise and Anne-Marie. Through his deeds, Louis Cécile will go down in the region's annals of history. His name will live on in our memory forever.

* * *

COUNCIL FOR CANADIAN UNITY

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, I want to denounce the behaviour of the Council for Canadian Unity, an organization generously funded by the federal government, which is bent on systematically keeping a record of the witnesses who speak before the regional commissions on sovereignty. We do not know what exactly the council hopes this kind of tactic will achieve, but we note that those who defend Canadian unity continue to be obsessed with compiling lists of sovereignists.

(1410)

This practice is utterly reprehensible in a democratic society and is all the more unsettling, since it is being used when democracy is being expressed at its purest, during prerferendum consultations.

No democratic society can stand for the use of intimidation tactics to erode the right of its citizens to freedom of speech. These tactics are worthy of Big Brother and have no place in Quebec and Canada.

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[English]

THE BUDGET

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, a certain member of this House has recently reminded Canadians that he was Minister of Finance during the years 1977, 1978 and 1979. The budget deficits for those three years were \$10.4 billion, \$12.6 billion, and \$11.5 billion for a three year total of \$34.5 billion.

One can add up the budget deficits from 1976 all the way back to 1954, the first post-war budget deficit year, and only get to a total of \$25.9 billion.

History tells us that two Liberal finance ministers went on a spending spree and overspent more in three years than their predecessors had overspent in 21 years. Canadians turfed that irresponsible government out in 1979.

Do you know who the Minister of Finance was for the 1978 and 1979 budgets? Why of course, it was the present Prime Minister. This country cannot afford the kind of experience that was brought to us by the present Prime Minister.

*Oral Questions***CORRECTIONAL SERVICE OF CANADA**

Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP): Mr. Speaker, today I raise the issue of the Correctional Service of Canada's policy on strip searches of women prisoners and the atrocious mishandling of some of these women by male corrections officers at Kingston's prison for women on April 22, 1994.

Following an investigation by CSC officials, it was suggested that appropriate measures were taken in using the riot squad which includes male prison staff to strip and search the women and their cells.

CSC's policy states that searches should be conducted by members of the same sex, except in cases of institutional emergency. It is now clear that the female prisoners behaved in a passive manner and offered no physical resistance. This is a complete contradiction to the official version of events offered by the CSC which is nothing more than a one-sided whitewash of the incidents that occurred.

I am pleased that the Solicitor General has finally acted today to investigate this serious question. Serious issues still exist with regard to the lack of energy and speed with which the commissioner of the Correctional Service of Canada and the Solicitor General pursued this matter.

The Solicitor General needs to pay much more careful attention to the activities of the Correctional Service of Canada.

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REFORM PARTY POLICY

Mrs. Jane Stewart (Brant, Lib.): Mr. Speaker, after having the opportunity to read what the Reform Party really plans for Canada, I believe there are some serious questions Canadians must ask about their alternative budget.

What is the true impact going to be for Canadian seniors? At what income level will benefits start to be clawed back, \$40,000, \$30,000 or \$20,000? How can Reform members talk about national standards on one hand while large cuts to equalization payments will restrict the ability of some provinces to deliver similar levels of service to their citizens?

How do those 86 per cent of Canadians with incomes below \$20,000 who already do not make contributions to RRSPs find the resources to make sufficient contributions to cover unemployment insurance, retirement, post-secondary education and personal catastrophes? And will these resources be sufficient during tough economic times?

Canadians understand that tough problems do not always have simple solutions. I hope Canadians ask these and many other questions so that they can understand the impact these proposals

may have on them, their families and the very essence of Canadian society.

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[Translation]

VETERANS

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, the men and women who served our country in the two world wars have cause for concern today. They have just learned that an independent Quebec would not pay them the veterans' pension.

Jean-Pierre Jolivet, the member for Laviolette and Parti Québécois whip said, in the context of the proceedings of the Mauricie-Bois-Francis regional commission, that Quebec would not be paying all pensions. Quebec would not be paying the veterans' pension, for example.

In addition to the veterans' pension, the member for Laviolette could perhaps tell people now what other pension plans the government of an independent Quebec would be dropping.

ORAL QUESTION PERIOD

(1415)

[Translation]

INTEREST RATES

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, with Moody's now monitoring the credit rating of the Canadian government, interest rates have moved upwards. Today, the Bank of Canada has just increased the bank rate from 8.07 per cent to 8.38 per cent.

Does the Minister of Finance acknowledge that this pressure from the financial community, which caused interest rates to rise last week, is growing and, with the approach of his upcoming budget, is he prepared to cut the operating costs of the federal system, including in the area of overlap and duplication, before interest rates rise significantly?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Yes, Mr. Speaker.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, will the Minister of Finance acknowledge that the pressure from the financial community is a signal that he should tackle the deficit problem by making massive cuts in government spending, which has to be the preferred approach, rather than raise the taxes of the middle class, as he himself proposed, which would considerably delay an economic upturn?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Yes, Mr. Speaker.

Oral Questions

An hon. member: He is going to vote yes.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I note that the Minister of Finance favours a yes.

Some hon. members: Hear, hear.

Mr. Gauthier: Mr. Speaker, I hope I can get a "yes" to my third question.

While tackling the deficit by significantly reducing expenditures, does the Minister of Finance intend proposing to the Bank of Canada that it adopt a monetary policy that is less restrictive, less focused on the fight against inflation and more concerned with economic development and job creation?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, as the hon. member knows very well, we have established objectives with the Bank of Canada concerning inflation. This agreement has served Canada very well, and we intend to go on with this policy.

Having said this, I would like to congratulate the hon. member on his very clear questions.

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TAX LOOPHOLES

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the finance minister himself stated yesterday on the CBC that he is well aware of the tax loopholes which he must close to ensure that the wealthiest Canadians do their fair share to correct the fiscal situation. Unfortunately, the minister once again targeted social programs in his strategy to combat the deficit.

Can the finance minister tell us when he will bring down the upcoming budget, and can he tell us whether he will have the courage this time to tackle the real tax loopholes of wealthy Canadians which he claims he knows so well, while leaving unscathed the unemployed, persons receiving social assistance and senior citizens?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, we addressed tax loopholes in the last budget. In regard to the upcoming budget, I have indicated that this will be an important avenue to pursue.

Having said this, I shall answer the hon. member's second question. As you know, an old tradition in the House has it that the finance critic for the opposition asks the finance minister the date of the budget. Unfortunately, this tradition was put aside under the previous government and we are pleased to revive it.

I would like to answer the hon. member by saying that the budget will be brought down on Monday, February 27, at 4.30 p.m.

[English]

Once more bringing to life a tradition that existed in the House for a long time which the previous government had set aside, it is my pleasure to announce that the budget will be presented Monday, February 27, at 4.30 in the afternoon.

(1420)

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I would like to thank the Minister of Finance for his only truthful answer in some time, I thank him for stating the date of the budget.

I would like to ask him whether, when his upcoming budget is brought down on February 27 at 4.30 p.m., he will tackle the real tax loopholes benefiting wealthy Canadians, including tax treaties signed with countries which provide endless loopholes and are regarded as veritable tax havens?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, we have many agreements with many countries. Moreover, such agreements are part of international trade, but I can re-assure the hon. member on his specific question about tax havens. We tackled them in the last budget and we intend to continue doing so.

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[English]

THE BUDGET

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, today the Reform Party outlined a taxpayers' budget that would eliminate the deficit in three years through spending cuts alone.

We did so because many Canadians believe, and the international money markets agree, that the Liberal government's deficit reduction target is too weak and that the government is squandering its one opportunity to get federal spending under control.

Will the Minister of Finance, even at this late date, even if it means putting an addendum into his budget, revise the upcoming federal budget to set a firm target date for the elimination of the deficit rather than just its reduction?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, one of the things that we wanted to do when we set up the consultation process was to encourage as many Canadians as possible to participate in the formulation of the budget and to make their comments on the budget.

Oral Questions

I would like to take this opportunity, now that we are getting very close to the ultimate thing, to thank all of those who participated, certainly members of my own caucus.

There were some very live debates within our caucus. All points of views were expressed. I would like to thank those on the outside, whether it be the senator for policy alternatives, whether it be a number of major organizations.

I would like to thank the Reform Party for its effort this morning. I think that it has tried to elevate the debate. I look forward to the opportunity of debating the details of the Reform proposition as soon as I am able to discover it.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, I appreciate the reply but we were asking about revising the government's deficit reduction target. The minister has repeatedly mentioned rolling two year targets for the deficit. We ask, is the minister listening to the money markets?

I quote Avery Shenfeld, senior economist at Wood Gundy, that a two-year target at the top of the business cycle is not going to satisfy creditors. The Bank of Nova Scotia vice-president stated that making non-ambitious two-year targets is really not what is needed. Moving toward a balanced budget is what investors want to see.

Given the fact that our creditors, the people that are putting up \$40 billion to cover the overdrafts, have no faith in the government's fiscal plan, will the minister abandon the idea of rolling two-year deficit targets and set a firm date for deficit elimination?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I made the same comment on Friday. The problem with members of the Reform Party is that they are so desirous of rehearsing their spontaneous lines for after the budget, they cannot wait until it is presented.

Let me assure the House that when the budget is brought down, the desires of those who want to see us clean up the nation's finances in a humane way that will allow Canadians to get back to work while still respecting the values of the country, one of which is that governments should live within their means, will be very satisfied with the budget.

(1425)

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

Since the government's last budget, the Canadian bank rate has gone up by 4 per cent. It went up again today. The Canadian dollar has fallen by three cents. Canada is in danger of losing its AAA credit rating and its social services network is unravel-

ling. These are just four of the consequences of the government's fiscal policy.

Does the Prime Minister accept any personal responsibility for these consequences? Does he want to go down as the Prime Minister that drove the debt through the ceiling and the dollar through the floor or will he order a mid-course correction in the government's fiscal policy?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would like to be remembered as running a very good government with a very good Minister of Finance, a government that has performed with 4.3 per cent growth rather than 3 per cent, with virtually zero inflation, with 450,000 new jobs created in a year.

This is the first government since 1990 that has managed to have an operating surplus and that predicted a deficit of \$39.7 billion. The actual deficit will be lower than that.

I would like to be remembered for all of that.

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[Translation]

DAIRY FARMERS

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, my question is for the Prime Minister.

Canadian dairy farmers are urging the Canadian government not to give in to Washington, which is trying to pressure the government into going back to the negotiating table for tariffs on dairy products, following the implementation of the new GATT agreements.

Does the Prime Minister plan to tell President Clinton that Canada intends to unequivocally defend farmers and to tell him in no uncertain terms that Canada has no intention of negotiating any reduction in the tariff rates approved in the GATT?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I met with farmers from my riding last Friday, and I had the pleasure yesterday of meeting with the president of UPA and other leaders of Canadian farm organizations. I assured them that Canada's position is quite clear: the GATT agreement reached last December gives us the right to maintain tariffs at their current levels and Canada's position is absolutely logical and defensible. We intend to say this clearly to the American president when he comes to this House.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, given the Prime Minister's reply, will he assure us that Canada will not hesitate to bring this issue before a WTO panel, if the Americans push the issue?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, from one "Chrétien" to another, yes.

*Oral Questions**[English]***SOCIAL SERVICES**

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, this year the Canadian government paid out about \$43 billion in interest. Next year we will have to pay about \$47 billion in interest. That means we will have \$4 billion less to spend on social security next year than we had this year.

What does the finance minister intend to cut from spending so he can pay this extra interest on the debt he is building up?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I will be bringing down the budget on Monday. At that point the member for Calgary North will have the answer to her question.

The member for Calgary North has just made an interest rate estimate. The interest rate estimate of this afternoon is not the same interest rate estimate that was made in the presentation this morning. I would like to know what happened in the last couple of hours.

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, the finance minister should re-examine the presentation.

The government talks a lot about compassion.

(1430)

Where is the compassion in eroding the sustainability of our social programs because this government cannot get a grip on its spending? What will happen to our social programs if the interest drain continues?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the member talks about compassion. Where lies the compassion in a program that says they are going to cut equalization payments to the poorest provinces in this country? Where is the compassion in a program that says they are going to decimate the health care system? Where lies the compassion in a program that the third party has put forward in terms of cuts to senior citizens that would mean that the clawback currently at \$53,000 would begin for senior citizens at \$11,000?

Some hon. members: Hear, hear.

* * *

*[Translation]***CANADA COUNCIL**

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

Heritage. In its foreign policy statement, the government clearly indicated its intention to make culture the cornerstone of this policy. Yet, the Minister of Foreign Affairs has cut Canada Council funding for the visiting foreign artists program, which will be replaced with an exchange program with the U.S. and Mexico exclusively.

Does the heritage minister recognize that redirecting this program towards the United States and Mexico will have a direct negative impact on francophone artists, whose main market is found in French-speaking countries around the world?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, any decision affecting the Canada Council will be made as part of its own budgetary process and by its own board of directors. I think that the direction taken by my colleague to spur cultural exports within North America is not at all designed to hinder our efforts with respect to Europe, and France in particular.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, are we to understand that the government's decision flows directly from its foreign policy, which is premised upon the existence of a single, hypothetical Canadian culture, thus denying the uniqueness of Quebec's culture, Quebec being the largest French-speaking community in North America?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member will know that her question is based on inaccurate information and that no cuts were contemplated. It is true that inaccurate information was circulated, but contrary to what she may think, the program in question was not cut.

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*[English]***THE BUDGET**

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, I noticed the Minister of Finance's attack on the Reform Party's suggestions for eliminating the deficit.

After the minister presents his budget, even if he is able to reach his weak interim targets, he will have added \$100 billion to the debt or approximately \$10 billion in annual interest payments and he will still have a deficit of \$25 billion.

(1435)

Is he going to tell Canadians where exactly he intends to find that \$25 billion in additional cuts or is this party going to continue to try and hide the truth from Canadians?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, this party has made it very clear the way that was practised by the previous government, the

Oral Questions

way the third party advocates, the setting up of wishful targets somewhere down the road, is not the way one achieves success.

The Prime Minister and I have already said within this House that this year not only are we going to hit our deficit target but we are going to do substantially better. It is the first time in a long time that a Canadian government has been able to say that.

It is going to be very clear to Canadians and those who analyse the budget that not only are we going to hit our targets but that we are going to hit our targets based on very prudent assumptions. We are going to set in place the track that is going to clean up this nation's finances. The member can put that in his pipe and smoke it.

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, I do not smoke.

The Minister of Finance has come up with a unique explanation of the failures of the previous government. He is the first one to explain that the Tories had standards that were just too high.

Today interest rates went up, the bank rate went up to 8.38 per cent, the highest level since this government took office. This is with increased warnings from not just Moody's but now Wood Gundy, Dominion Bond Rating Service and others that the targets are not adequate.

Will the minister not admit that the markets are already saying that with this government's targets Canadians will pay millions of dollars more a year on higher interest rates, higher borrowing and higher mortgage costs?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, it is with some difficulty that I find that the members opposite continue with doom and gloom and continue to try to attack a country which in terms of its economy is doing very well.

The member is simply not stating the facts. If he read Moody's statement he would have seen there was a general comment on the level of public debt in this country both at the federal level and at the provincial level. There was a very clear trend set out going back a number of years in terms of what previous governments had done and the failure of Canadian governments to come to grips with their problems. There was no comment on this government, our targets or the forthcoming budget.

I would ask the hon. member, if he is going to ask questions, for heaven's sake please base them on some fact.

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[Translation]

KINGSTON PRISON FOR WOMEN

Mr. Bernard St-Laurent (Manicouagan, BQ): Mr. Speaker, my question is for the Solicitor General.

Members of the Kingston correctional services riot squad responded to an emergency at the Kingston Prison for Women in 1994. In her report on this incident, the prison warden lied, saying that only female guards responded, when a video proves otherwise.

How can the Solicitor General justify the fact that such degrading incidents occurred at the Kingston Prison for Women and that the prison warden subsequently lied to hide the truth?

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, on January 20 there was a report released by an internal commission of inquiry set up by the commissioner of corrections under the Corrections and Conditional Release Act.

However, just last week I received another report from the correctional investigator into the same situation which provided quite a different set of conclusions in respect of facts and interpretation.

As a result of the conflicts between these two reports, the commissioner of corrections recommended, and I agreed, that there should be an independent impartial investigation to establish the base of facts. When that is done I will see what further action needs to be taken and I will take such action.

[Translation]

Mr. Bernard St-Laurent (Manicouagan, BQ): Mr. Speaker, as part of what needs to be done in order to clearly convey the message that he does not condone this kind of behaviour on the part of correctional authorities, will the Solicitor General seek the immediate suspension of the warden of the prison for women in Kingston, Ontario?

(1440)

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, matters of discipline of staff are the responsibility of the commissioner of corrections.

I think the first thing to do is carry out the inquiry that I announced today, to have a basis of fact on which to take further action inasmuch as there have been two reports both set up under the CCRA and which have reached opposite conclusions on the same situation.

This is the sensible approach and this is the one I am taking as quickly as possible.

*Oral Questions***SOCIAL ASSISTANCE**

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, my question which is in pursuit of compassion is for the Minister of Human Resources Development.

After today's rather scary announcement the women of Canada are breathing a collective sigh of relief that the Reform Party is not the government. Women want social security reforms to be sensitive to their plight and to that of their children. I know the minister has met with many women's groups and I know he is very concerned about child poverty.

What measures has the minister taken to address the needs of Canadian women and their children?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, one of the most important developments has been as a result of the changes and amendments we made to the Unemployment Insurance Act last year. Close to 200,000 low income Canadians with children and who are on UI assistance now receive close to an additional \$1,000 a year as a result of the reforms to the UI system. We differentiated between the basic benefit and the benefit based upon dependency.

It shows that when we can make serious reforms and look at it properly and constructively, we can really help poor people, not blow torch them, as the Reform Party wants to do.

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PROVINCIAL TRANSFERS

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, the taxpayers' budget released today by the Reform Party established a long term process for decentralization whereby the federal government would transfer tax points to the provinces so that the provinces could better deliver core services in the areas of health care, advanced education and welfare.

How can the finance minister consider the transfer of block funding to the provinces without clear guidelines on the best way to spend the money from the minister responsible for social programs?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I am not going to get into details of the budget which is going to be presented on Monday.

The question I have after looking at the thing this morning is how can the third party say that it is going to reduce the deficit when at the same time it is transferring tax points which are necessary to bring the revenue in so that it can reduce the deficit? There is major evidence of double counting that I would

really like to understand. Perhaps the member might explain it in his supplementary.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): The minister talks about compassion. If you have cancer the best thing you can do is cut out the tumour—

The Speaker: I would ask the hon. member to please address the Chair.

Mr. Breitkreuz (Yorkton—Melville): Mr. Speaker, through you to the finance minister, I was trying to give the example that the most compassionate thing you can do if someone has cancer is cut out the tumour and not simply say: "Continue your lifestyle. Go home. All is fine".

My question is for the Prime Minister. Since the human resources development minister failed to come up with a proposal for reform of social programs, how will reforms be developed and who will do it?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the Minister of Human Resources Development has laid out a very clear plan and a very clear concept for the reform of social programs.

The fact is that we are on schedule. The House of Commons committee on social reform has reported. There has been enormous debate within this country which is an essential part of building the consensus. We are on schedule in terms of the budget. Social security reform is going to be a very important part of the budget.

(1445)

The continuous reforms the minister is engaging in will enable us to build a stronger and much better Canada.

* * *

[Translation]

CANADIAN SECURITY INTELLIGENCE SERVICE

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, the Solicitor General of Canada stated yesterday that last year's thorough investigation into the activities of CSIS informer Grant Bristow concluded that Bristow did not act improperly. My question is directed to the Solicitor General.

How can the Solicitor General say there was a thorough investigation into the Bristow affair when the director of the Security Intelligence Review Committee has stated that committee members did not view the videotape incriminating Brant Bristow, even if though it was available? What kind of investigation was that?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I am satisfied that the SIRC will want to review the tape and determine if further investigation is required in the light of

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such activities. I think that is what we would expect from a standing commission of inquiry like the SIRC.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, yesterday it was a thorough investigation, today it is not. I just cannot understand how this service works.

Are we to understand from the Solicitor General's refusal to reopen the investigation that he does not want to fully investigate CSIS activities and that he is satisfied with Grant Bristow's decision to go away?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, the SIRC operates at arm's length from the minister and the Canadian Security Intelligence Service. I believe the SIRC is fully empowered to conduct further investigations if it sees fit to do so.

Again, why are the hon. member and his party trying to give credibility to the Heritage Front? I am very curious to know.

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[English]

TAXATION

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, yesterday the Canadian Taxpayers Association presented the government with a quarter of a million signatures of taxpayers saying no tax increase. The minister will be happy to know that I was one of the people who carried sacks of mail up to the minister's office.

Has he got the message yet, that there are to be no tax increases?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I saw the hon. member's picture in the paper.

I must say that members on both sides of the House in response to their own constituents have made it very clear to the government and to the Minister of Finance that Canadians really feel they are suffering from an undue tax burden.

It is something the government is very conscious of and it is not our intention in the next budget to proceed primarily through tax increases. I have made it very clear that we are going to proceed overwhelmingly in cutting government spending.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I would encourage the finance minister, when he gets through the 30,000 letters we delivered yesterday, to read our taxpayers' budget because we have balanced it without any tax increase.

What could the finance minister tell Canadians who are already providing his government with \$120 billion to convince them that it should have more?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I have not wanted in the House, out of due deference to the fact that it was only presented this morning, to engage in debate on the package presented by the third party.

Let us be very clear. First, it causes an enormous amount of harm to very poor Canadians who are unable to adjust. Second, it is totally lacking in details. The devil is in the details. If they are going to do a budget they should at least have the courage to say what they are going to do and not have vague concepts. Third, which is very surprising, that budget does not eliminate the deficit in three years the way the Reform Party said it would.

* * *

(1450)

JUSTICE

Mr. Benoît Serré (Timiskaming—French River, Lib.): Mr. Speaker, my question is for the Minister of Justice and is not on gun control.

[Translation]

Recently in my riding, I held two public forums on family violence. There was unanimous agreement on the need for such forums on a national scale in order to develop a comprehensive strategy to tackle this serious problem.

Is the minister prepared to endorse the principle of holding such national forums and to assign a member of his staff to help me organize them?

[English]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, first may I say how highly I regard the initiative demonstrated by the member in convening and conducting the forums to which he has referred.

May I say as well that we learn from these events. I know that the member has shared with caucus some of the points made during the forums in his riding. He has set an example for the rest of us in the House of Commons of the kind of action we can take locally to increase the awareness of people with respect to the scourge in Canadian society.

I would be more than happy to endorse that approach and to work with the member in whatever constructive way possible to ensure that kind of activity is repeated across the country.

SOCIAL PROGRAMS

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, considering the lopsided debate that has occurred regarding the fundamental causes of our large debt with some parties blaming social programs, my question is for the Minister of Finance.

Would he confirm this afternoon that when it comes to funding social programs the proportion of expenditures on social programs in relation to the GDP is the same today as it was back in the mid-1970s?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the point raised by the hon. member is a valid one.

It is simply nonsense to make our social programs the scapegoat for the deficit. The reason we have a very high deficit is unfortunately the curse of compound interest, the fact that successive governments have allowed that debt to build up too high.

The government is now stuck with a terrible problem. It is not a question of ideology but a question of arithmetic. The member's question is very well taken.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, we are trying to balance this lopsided debate. The minister acknowledges that social program expenditures have not caused the huge deficit and debt base in the country. He referred to the fact that one cause was compound interest.

Would the minister confirm that a 1991 study from his department indicated that 96 per cent of our accumulated debt since 1984 was the result of compound interest on the debt and, more important, a whole set of tax loopholes as well?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, there is no doubt that tax loopholes and tax expenditures have deprived the government of needed revenue.

On the other side of the question we must really admit that a number of those tax expenditures had a very specific policy objective. In fact it was very important to accomplish those objectives.

The answer to the question is that it is not tax loopholes. It is not social programs. It is the curse of compound interest and the fact that the previous government simply did not face up to its responsibilities. We are going to do so.

Oral Questions

[Translation]

NATIONAL DEFENCE

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, my question is for the minister of defence.

Senior officers in the army live in sumptuous government owned houses for which they pay a ridiculously low rent. Rear-Admiral Larry Murray, for example, pays \$519 a month for a home appraised at more than \$389,000, and Lieutenant-General Scott Clements spends \$581 a month for a home appraised at more than \$657,000.

How can the minister of defence accept that enlisted personnel pay \$569 for very modest accommodations, while senior officers pay the same amount for houses four times the size and much more luxurious?

[English]

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, some of the reports have been a little misleading.

In the case of the three service commanders, they live in accommodation that was paid for many years ago. They are somewhat large houses. Much of the house is used for entertaining dignitaries and others, and receptions of that nature.

(1455)

We are trying to ensure that the portion of those houses they occupy for family reasons does accord to normal practices so that there is no disparity between what they pay and what ordinary soldiers pay.

[Translation]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, given the current state of public finances, how can the minister of defence justify retaining such financial privileges for high ranking officers, in spite of the reasons he has just stated, while the government is preparing to increase rents by 25 per cent for persons in public housing?

[English]

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I think I just gave the answer.

We want to ensure any regime that is in place with respect to rent applies fairly and equitably, no matter if the person is a general officer, a non-commissioned officer or a private.

Oral Questions

I should point out that the government improved the basic pay for privates about a year ago before the freeze came on. It is of continuing concern to me that some of our soldiers allegedly are on social assistance. That matter is being looked into to see whether or not it is a pervasive problem and the reasons for it.

We hope to be able to address it through procedures that are in place.

* * *

IMMIGRATION

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, yesterday in the House the Minister of Citizenship and Immigration said that Polish refugee Artur Lasia was admitted to Canada not because he had HIV but because he was discriminated against based on his sexual orientation.

According to the IRB's own documents the minister was wrong. Mr. Lasia was accepted as a refugee solely because he carries the virus that causes AIDS.

At a time when our health care programs are stretched to the limit and the IRB has set a precedent for letting people like Mr. Lasia in for free medical care in Canada, how will the minister reassure Canadians that they are not losing their place in the queue for their own essential health care needs?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the preamble to the question is incorrect in a number of areas.

First, the decision made with respect to the individual is not precedent setting because the fundamental foundation upon which the IRB adjudicates is that every individual case gets decided on its own merits. Some will make it; others will be refused.

Second, he knows full well that under the Immigration Act all immigrants coming to Canada have to go through two checks: the security check as well as the health check. He also knows that the majority of those found to be HIV positive are not permitted into the country.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I find it interesting that the minister would raise both checks, particularly the health care check and HIV.

The minister opposed the Reform bill for immigrant HIV testing. The minister is responsible for the people who have made the ludicrous decision that foreign HIV carriers deserve Canada's health care and the minister stands in the House—

The Speaker: Two kicks at the can. The question please.

Mr. Mayfield: Does the minister really support his scandal plagued IRB and its decision to accept people with illnesses who will be an unwarranted drain on our health care system?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, it is really unfortunate that on such sensitive issues members of Parliament should twist and turn the facts that bear no resemblance to the principles involved in this debate.

What is the Reform Party saying? Is the Reform Party saying that it is okay for a member of a political group who is being persecuted to make a claim, that a member of a religious group who is being persecuted is allowed to make a claim, but somehow it is not okay for a member of a social group who is being persecuted, whether it is sexual orientation or gender, to make a claim?

If Reformers are saying that, let us be assured that this side wants to have nothing to do with their kind of world.

* * *

(1500)

WORLD SUMMIT FOR SOCIAL DEVELOPMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Next month the World Summit for Social Development will take place in Copenhagen to address the problems of global instability due to poverty and social injustice.

Will the minister say if the Canadian government has decided to support the 20:20 vision proposal and action plan at the summit? What will the government do to ensure the success of this important world meeting?

[Translation]

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, it is my pleasure to inform the hon. member and this House that the Minister of Human Resources Development will lead the Canadian delegation to Copenhagen. Furthermore, over the next few days, the minister will meet with representatives from the NGOs that will be taking part in the conference.

Lastly, I would like to remind the hon. member that in the foreign policy statement it issued a few days ago, the government reaffirmed its commitment that 25 per cent of all of the development aid it gives will be spent on basic needs, such as education, health and housing, as well as family planning and drinking water.

* * *

[English]

PRESENCE IN GALLERY

The Speaker: Colleagues, I would like to draw to your attention the presence in the gallery of His Excellency Josef Zieleniec, Foreign Minister of the Czech Republic, with an accompanying delegation.

Some hon. members: Hear, hear.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—THE DEFICIT

The House resumed consideration of the motion.

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, a major portion of Reform's so-called taxpayers' budget has to do with its radical proposals for a \$15 billion cut in social security spending. This is an ill thought out proposal which we heard before from Reform during the social security reform process.

The reform of Canada's social programs is a necessary, valuable and timely exercise. Its impact will be better programs and services that deliver the best results. Its impact will be actions that meet our highest priorities. With those outcomes in the balance, it is a process that deserves thought, care and creativity.

To date, and I include today's debate in this comment, it is not a process to which the Reform Party has added much beyond shopworn clichés and one track slogans. That unfortunate reality was exemplified by the Reform members' contribution, if I can use that term, to the recent report of the Standing Committee on Human Resources Development. Much of the thinking, or lack thereof, that went into the Reform position also characterizes their interventions today.

Reform Party members appear to have a problem with social programs: they cost money. In their vision of Canada, families take care of their own and charities take care of the rest. This is just like the 1930s.

There is only one big problem for them in that vision: Canadians do not buy it. Canadians understand the value of social programs. They understand many of the flaws in the status quo and they want changes. However, they do not accept a social vision based on a *déjà vu* as the answer to every problem.

Today's Reform Party budget has a principle of equality of contribution which states that the burden of reduction must fall least heavily on the most vulnerable members of our society. Yet Reform's proposals would have completely the opposite effect.

(1505)

Instead of helping those most in need, Reform Party members would cut seniors pensions by \$3 billion. How would this help the most vulnerable in our society? They would eliminate all regional differentiation and all non-UI components. How would this help the poorest regions of the country, workers who need training or women who want maternity leave? They would cut aboriginal programs by 24 per cent. How would this help one of

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the poorest groups and arguably the neediest group of Canadians? They would cut equalization payments by \$3 billion, or 35 per cent. How would this help the poorest regions of the country or Canadians who really need help?

These proposals would burden the most vulnerable members of our society, not help them. In the same vein, Reform's minority report was a sad collection of opinions desperately masquerading as fact. It showed the utter lack of depth in Reform members' thinking. It displayed a complete lack of attention to many of the important issues shaping our economy today, issues clearly outlined in the green paper released last fall.

Canadians deserve better and this government is determined to provide that. In my remarks I want to talk about the vision behind the government's perspectives on social security reform. I want to look at questions that face Canada and its social programs, questions for which the government has offered real proposals. I will then compare that to the silence or simplistic if not outright contradictory opinions of the Reform opposition.

Was the Reform minority report weak? This House may not simply take my word for it. Take the word of the hon. member for Calgary North. She was quoted in the Ottawa *Citizen* on February 8 that aspects of her party's report "were not thought through very well before they were rushed into print".

Canadians expect much more from their members of Parliament. I could not agree more and I can see no evidence of improvement in the position taken in today's debate. On an issue of this significance do Canadians not have the right to expect thoughtful analysis and vision? The government has done its part. Why have my hon. friends on the opposite side not done theirs?

Indeed, this government is committed to doing even more. Social security reform remains an integral component of the government agenda, rebuilding the system so that it meets the priorities of today and of tomorrow.

These are important issues and will meet the objectives set down in the green paper. What were they? It was to help Canadians get jobs and keep them. It was to help the most vulnerable in our society with the focus on child poverty. It was to do that in an affordable manner.

The report of the committee is one important contribution to determining how those changes will take place but of course it is not the only one. That takes me to the first point I want to raise in analysing the Reform's minority report.

The first issue the Reform Party raised was that of consultation. Reading Reform's comments one might think that this report was the beginning and the end of the consultation process, that some ideologically high bound government had decided to set up a sham process that would freeze Canadians out.

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I ask these questions: Would this be the same government that has already received more than 40,000 social security reform workbooks from Canadians? Would this be the same government that has helped more than 200 members of Parliament hold town hall meetings on social security reform, drawing more than 20,000 people? Would this be the same government that has communicated with 7,000 people via Internet, 35,000 via a 1-800 number, as well as receiving 3,000 letters addressed to the minister directly?

(1510)

This government is consulting. Reform Party members may not have liked to have heard from legitimate groups with valid perspectives as it travelled across Canada. They may have wished to have heard from more individuals, but you simply cannot make the leap from that complaint to the implication that there has been no opportunity for Canadians to offer comments. Far from it. This government has undertaken the most wide ranging consultation on any issue ever.

More than 100,000 Canadians have had their say in one way or another during the past year on this issue. Most Canadians do not accept the extremist views displayed by the Reform Party. They do not buy what Reform is peddling on social programs.

Canadians have made it clear that they want to see change, not destruction, and they are right. They believe governments must invest in people, address child poverty and support those individuals with low incomes. They are right. They believe we can do a better and more efficient job, and they are right. They want governments to work together and Canadians are right again. That is what the consultation process told us. That is what we, as a Liberal government, are prepared to do for the people of Canada.

The second issue the minority report raises is a complaint about the alleged lack of scope in this exercise. From the point of view of the Reform Party, all social programs are alike; they are all drains on the public purse and should be treated as such. Of course, this is not surprising.

The Reform symphony still only knows one tune, well over a year after its arrival in this House: the deficit is the only thing that matters. Of course the deficit matters. The government has been extremely clear on this issue. Our programs must be affordable. But the deficit is one consideration in designing a new social safety net. It is not the sole rationale for action or the sole test of options.

Reform's commitment to take \$15 billion from social programs leaves so many unanswered questions. Time does not permit me to even start listing just a few of them. I am content to

let Canadians ask Reform members instead. That is the Reform idea of scope.

For the government, the scope of this exercise is those programs and spending that relate to working, learning and security. The emphasis is on those programs that help people who are, could be, or will be in the labour market.

Health care does not fit this and it is undergoing its own study. The needs of seniors do not fit this and they will be discussed elsewhere. Canadians understand this. They understand that we want social programs that help people prepare for real jobs.

The so-called logic of the Reform Party would have included our defence and foreign policy reviews in this exercise. After all, does the deficit not matter in each of those too? No, the scope of this exercise is logical, intelligent and consistent.

That brings me to Reform's third issue of division in the committee's report and the green paper. Most of the Reform's position in both the minority report and today's debate is based on allegations regarding the government's vision of social programs and a mish-mash of ideas that Reform members trumpet as their own vision.

We can look and look through their comments and find a lot about the "how" of Reform's approach to slashing programs. What we will not see is any "why". Oh, there are claims about principles such as self-reliance and decentralization. But nowhere do we read a consistent, logical analysis of the social and economic issues facing Canadian families.

(1515)

Nowhere do we find a thought through perspective on what social programs can do to help people and our economy. All we see is a series of other people's ideas and notes about programs that countries such as Chile and Singapore are trying. However, where is the social and economic vision to link them? There is not one.

What vision there might be lies between the lines. For example, Reform members continue to critique our work to expand the number of good quality child care spaces in Canada. In fact, not long ago they found one. It was an unpublished study which they claim shows that the product of child care will be a generation of depressed, stressed criminals. We are dealing here with people who read one report which has very little relationship to reality.

Given the real world, parents who must work to meet their family needs, how can they say those things? How can they ignore the mass of evidence that good child care can actually help kids, especially those from backgrounds which are far less privileged than those of the average Reformer?

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Forcing women out of the workforce by drying up good quality child care is not my idea of a sound social or economic policy. However, stands such as that make the Reform vision for Canada obvious.

Now Reform members may say that is not fair, so let me ask my hon. friends to spell out the issues that face Canadians. What would be the most important priorities for social programs to address? How do we balance the competing demands for action, all of which have at least some legitimacy?

I ask this because I realize that in the world inhabited by the Reform Party there is only one issue, the deficit. There are no other challenges. Government should set aside all other priorities and just hack and hack until the debt is eliminated. That is the beginning and the end of their vision on any subject.

Obviously the deficit is a priority of the government. The need to bring expenses and revenues into line is essential. We are taking action to reach that goal, as we promised Canadians. However, Canadians expect governments to achieve many goals with intelligence, co-ordination and a sense of priority. The deficit is an important one, indeed a critical one, but it is not the only one.

Families, workplaces and the entire society have changed dramatically in the decades since many of the social programs were first envisioned. Unemployment insurance, social assistance and training programs were designed in days which were very different from today. Today workplaces are full of people who juggle home and family responsibilities, often as single parents. They take part time courses to develop new skills. They face uncertain career paths. Above all, they are required to be more flexible in every facet of their lives than ever before. They recognize their responsibilities but they also need some help.

Social programs can be improved to help people. We can identify the priorities for the limited funds that are available. That is the art of governing. It is what citizens have a right to expect from their government.

The proposals that the government has discussed with the provinces, business, labour, social action groups and all Canadians reflect that vision. All are rooted in the jobs and growth agenda which the Prime Minister set out in his speech in Quebec City at the Chamber of Commerce last September. As he noted, our social and economic priorities are linked closely together. We cannot meet the needs of Canadians without a strong economy. No strong economy is based on a society polarized into haves and have nots. We know social programs that respond to the most important needs can build our economy, even if the Reform Party does not want to believe it.

Let me discuss one aspect of our changing economy, learning. We are in a world in which skilled needs are changing faster than we can identify. We have a world in which people are challenged

by new technologies and opportunities. The government's vision of social programs will realize the potential of these changes and help Canadians to harness them.

Compare that to the vision of the Reform Party.

(1520)

I would ask my hon. friends where is their perspective on the training issues facing older workers? Where is their perspective on helping young people get real job skills that employers need in high technology fields? Where is the analysis of how to make life long learning work in an economy where people will change jobs and employers more often than ever before?

Any talk of a new economy is utterly absent in the comments of the Reform Party. The government believes in working with employers and workers to address the needs of their industries. Our work with sectoral councils has identified needs and initiated action plans.

What would Reformers do in the real world of these needs? Would they let the growth sectors of our economy wither? Would they claim that some magic tax cut will let them solve all of their problems? The government has done better.

For example, we have begun to address both the needs of industries and the employment problems facing young people through innovative partnerships. The government has entered into agreements with employers, workers and educators in fields such as horticulture, tourism and automotive repair under our youth internship program. We are working with them to develop the training that young people need to fill the skilled jobs that are available. We are working with them to create a climate that will attract even more job opportunities to our country.

Compare that to the do-nothing attitude of the Reform Party. We are working with provinces and territories to explore new and better ways of meeting the needs of people through our strategic initiatives program.

This example of federal-provincial co-operation is alive and well with many provinces. We are working with them on a pilot project called Integrated Training Centres for Youth. This is to help our young people.

I would like to conclude by saying that social security reform is a chance to recognize the real needs out there. The status quo does not meet them. It is a chance to cut today's suit to fit today's cloth and no one wants the tattered rags being flogged by the Reform Party.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, once again I am puzzled by some of the comments of yet another Liberal.

It seems as though Reformers do not have parents who are in need of OAS. It seems as though Reformers do not understand what it is to be responsible for 80-year old people, that Re-

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formers somehow do not have friends and acquaintances who are falling through the cracks of our economic cycle.

It seems as though we live in a vacuum and only those opposite have a way of understanding. I am sorry. We do have parents in their elderly years who depend on OAS. We do have people in our families who receive GIS. We do have people in our families and acquaintances who require child care. To characterize the Reform Party as not knowing or not understanding is just beyond my capability to understand.

Perhaps I could help this member understand why these people are in that position, why they are dependent on the social welfare and the social safety net in the country. It is because the spending of the government is destroying our ability to be able to provide for them. That is why we came forward with the plan today.

I find it really unfortunate that this member, along with many others, would choose to interpret the Reform document from some kind of weird perspective, as if we had landed from another planet. We represent the people in our constituencies. We represent people in this member's constituency. I had the privilege of conducting a couple of town hall meetings and getting input from people in his constituency. I reflect many of the values of many of his constituents.

With respect to the issue of learning, I would like to ask the member if he has had an opportunity of taking a look through our document to page 47 where we show our method of lowering cash transfers but giving the provinces cash points. In fact, the amount of funding available for health and for education under our scheme actually increases.

This is not cut and slash. This is a realistic budget which is more than I can say for the pipe dream that the government is continuing to give to us.

(1525)

Mr. Bevilacqua: Mr. Speaker, let us talk about the pipe dream of the Liberal government. When we were elected on October 25, 1993, may I add, and I will submit to you there are some Reformers—

The Deputy Speaker: I would say this to all members. For reasons such as this we ask that members put their remarks to the Chair. Any time the word "you" is referred to, it is supposed to refer to whomever is in this chair.

Mr. Bevilacqua: Mr. Speaker, through you to the hon. member that attended a town hall meeting in my riding. There were people in my riding that voted for the Reform Party. Approximately 15,000 voted Reform and approximately 72,000 voted for me. I understand that some people may share their opinion, but we will see if we can rectify that in the upcoming election.

I would, first of all, like to address the concern raised by the hon. member, vis-à-vis the Liberal pipe dream. This is the same pipe dream that has put the economy back on its proper footing. We have created over 450,000 jobs since taking office, in co-operation and in partnership with the private stakeholders. We have increased the number of jobs for young people. We have the fastest growth of any of the G-7 countries.

These statistics illustrate to me, as an objective viewer of what is going on in Canada, that things are getting better with a Liberal government at the helm. May I also add that my thoughts are reflected far and wide throughout Canada. I was in Alberta last week and people are generally happy with the direction which the government has taken.

In reference to the deficit, we have used what I consider a more rational approach. We have targeted 3 per cent of GDP by 1996-97. It is reasonable. It is a dual track approach. It will not hurt people as much as the Reform agenda would.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I am glad that we can have this debate. The Liberal government has a point of view and the Reformers have a point of view on how the finances of the country ought to be run. I hope that the people of Canada are paying very close attention because literally their future depends on it.

I did a little mathematical extrapolation. When I first started this process it was 1992. The federal debt was about \$420 billion and now it is around \$550 billion, an average of around 9 per cent per year. At that rate, the debt would grow to over \$600 billion by the year 2000.

Interest payments would increase from \$33 billion in 1992 to over \$50 billion in the year 2000. That \$50 billion is not available for education, is not available for health, is not available for any of the social programs or anything else.

I want to ask the member who just made the speech a question. We recognize if we do not cut spending that the debt will continue to grow. In fact, the deficit needs to be cut to zero so that we can start attacking the debt which is growing every day by \$110 million.

We have to do something. Does the government have any plans at all, and if so, where is it going to get the money? The \$40 billion deficit is about equal to our \$40 billion interest payment. Are we going to default on our interest payments? I am sure the member would say no.

Are we going to take money out of running the government? That costs around \$40 billion per year. It would mean shutting government down completely. That would balance the budget. I am sure he would say no. Let us keep at least some of it going.

What is left then are transfers payments to the provinces. To say that the budget can be balanced and bring the financial situation under control without doing that, I submit, is not

facing the facts squarely. It is being very unrealistic. I think it is giving the people of Canada a false sense of security.

(1530)

I would like the to member to respond on where he would actually cut.

Mr. Bevilacqua: Mr. Speaker, I would like to thank the hon. member. As he probably noticed, he was answering most of his own questions. Therefore this will probably give me an opportunity to address some real issues that are the minds of Canadians.

I would like to tell the hon. member that we will continue what we have been doing up to today. I think he has seen some cuts in expenditures. We are running a more efficient government than we have had. I remember my years in opposition watching the Conservatives squander money left, right and centre. We are not doing that. We are very fiscally responsible individuals.

At the same time we are investing in people because we feel that one key role of a government is to help people get and keep their jobs, to help the most vulnerable in our society with a focus on child poverty in a very sustainable fashion.

The results to date since our election would indicate that we are on the right track. We are creating jobs. We have great growth in our economy and Canadians are generally pleased with the way the government is governing.

At the end of the day the real measuring stick of our success will be whether Canadians are happy with the way we are bringing the country forward. I would say to the hon. member that they are very happy with the Liberal government.

Mr. Epp: Mr. Speaker, sure the people are feeling happy. Do they have the correct information? Do they know what deep trouble we are in? Perhaps the government of the day with its be happy, don't worry attitude is convincing them of it but hiding from them the bitter truth of what is going to happen.

The government has stated as its goal to bring the deficit down to \$25 billion. That is a cut of \$15 billion from the present deficit of \$40 billion. Where are there cuts of \$15 billion? I have not heard one of them. It is worry about one million here and one million there. That is important but it does not begin to touch the big question.

Mr. Bevilacqua: Mr. Speaker, I did not really hear anything worth nothing in what the hon. member said. I think if we have to deal with reality we can look at the state of the nation. Canadians are not happy fools, as the hon. member would have us believe. They are happy because they see all the economic indicators are looking good for the Canadian people and that hope and jobs are part of the Canadian fabric once again.

Supply

I resent the fact that the hon. member would think that Canadians are fools. They are not fools. They look at the issues and examine the issues. They see the growth in the economy and they are feeling good about it.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to discuss this issue and talk about whether 3 per cent of GDP is a valid target for the government to be aiming at in two year's time and whether that is going to restore the confidence investors need before they will continue to leave their money in this country. There all kinds of implications that flow from that.

I want to talk a little about some of the wants and desires of Canadians. I think when we design a program, when we put together a government we have to give some consideration to what Canadians want and need. If we listen to them they say things that are really just common sense.

As taxpayers, Canadians want to keep their income. They want to have lots of disposable income and they work hard every day to try and grind out a living so they have some money for their family and so that they can retire some day, or if there is an emergency they can draw on some savings. That is what they want.

As investors they want to be able to get a good return and also protect their capital. They do not want to see their capital jeopardized. As people who some day may have to rely on a social safety net, they want to know that it will be there and that it will be adequate, that it will be something they can count on.

(1535)

As parents Canadians want to be able to know that there will always be a university there so that they can send their children. They want to know that there will be some kind of safety net in place for them as they move into their senior years. They want to know that there will be a health care system there for their children. Those are some of the desires and wants that I think government has an obligation to try to meet.

It is not necessary for government to be in conflict with those wants and desires. A responsible government must align itself with those wants and desires and come up with ways of accommodating those wants and desires. To me it is obvious that there are ways we can do that.

Reform presented a perfect example of that this morning. I would argue that this government has not got itself in line with Canadians' wants and desires. I would argue that Canadians are moving completely against that.

A situation in which the government's best effort adds \$100 billion to the debt and leaves us with a \$25 billion deficit at the

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very top of the business cycle in a couple of years, combined with the desires that I have just mentioned, creates in my judgment a very explosive situation. On the one hand we have the wants and desires of Canadians and on the other hand we have a government that in my judgment has created a business environment that is completely contrary to that.

Let me go back through the different hats people wear in their lives and talk about how their wants and desires are really in conflict with the disincentives that the government puts in their way to prevent them from achieving some of the things that they want to achieve and from getting the type of government that not only do they want but that they deserve.

As taxpayers they work hard every day to try to make a living and provide for their families. Look at what massive government debt does to them. It imposes a fantastic tax burden.

In 1963, if I remember correctly, taxes constituted about 20 per cent or a little over that of where people's income went to. People worked hard and all that hard work and effort was a tremendous positive force pushing up and providing jobs and prosperity for the country. Then we had that 20 per cent of taxes pushing down a little but not nearly enough to stop the desires and incentives that people had to create some prosperity for themselves and their families.

As the years have gone on we have seen more taxes piled on top of that positive force and now it is very difficult for that force to push up anymore. That is why a lot of people are giving up on Canada and giving up on staying in the working world. That is why we see people fleeing to the United States and other lower tax jurisdictions, particularly people who are highly skilled.

Other disincentives are the perverse incentives that are a big part of a lot of social programs today, social programs that actually pay people to remain idle. People who are responsible, work hard, want to provide for their families and work long hours every week see this. They ask themselves: "Why am I knocking myself out when the next guy over does not care and he is just laying on the system?". There is a real inequality in the system. We have a lot of disincentives now piling up on top of all those desires and wants of Canadians. It is beginning to push them down and they are getting tired.

As investors they expect to make a good return on their money but they also expect that their capital should be protected. We have been sent a message in the last seven days that investments in this country are in jeopardy to some degree because the government has not been able to get a handle on its overspending.

Now the international community is wondering whether Canada is a place where it should be putting its money. The same applies to domestic investors who have lots of options other than their own country.

(1540)

I saw in the *Globe and Mail* the other day a very scary graph that showed how indebted Canada is to foreign investors compared with other countries around the world. It was frightening. We have a foreign debt load twice what the next country in the world has. I found it frightening to know that we are so tied to the whim of foreign investors because successive governments have not been able to get a handle on spending.

Now we have a situation in which this government is proposing to add another \$100 billion to our overall debt load before we get down to \$25 billion. That is its target and it is ridiculous.

International investors have to deal with that, as do domestic investors. Although they want to invest in this country there are a lot of disincentives and a lot of pressure pushing the other way to prevent them from doing that and to dissuade them.

As people who want to invest and want to have confidence in our social programs they are very concerned as well. In spite of the fact that we spend \$150 billion a year on social programs we still have all kinds of unemployment. HRD's own studies show that social programs are contributing to unemployment, including the unemployment insurance program. In many cases we have people living at the bottom echelons of society with no hope, not because there is not a safety net there but because they are trapped in the safety net.

I think it is crazy that in a country this prosperous relative to the rest of the world where we spend \$150 billion a year on social programs we have people trapped with no hope in our social programs. Something must be done to help them out of that situation.

This morning I believe that Reform came up with some alternatives that will get people out of that situation, give them some hope and give them some of the positive incentives they so desperately want to be in alignment with Canadians' wants and desires.

People in the bottom echelons of society are as desperate as anyone else to see their dreams and hopes realized. However, this government and successive governments have placed all kinds of disincentives in their way to prevent that.

The government has set no date for the elimination of the deficit. The best it can do is come up with a point two years down the road from now where it will reduce the deficit to \$25 billion. It refers to its rolling two-year targets, whatever that means. Maybe it is like a moving target, one it does not want to hit and can keep moving it.

Very often the government says it does not know what the future holds so there is no point in setting a date when it will eliminate the deficit or when it will balance the budget. It is true that we do not know what the future holds but it is ludicrous for the Government of Canada to say that it does not know what the future holds and therefore is not going to set a date for when it can eliminate the deficit. That is crazy. It is almost criminally

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negligent when one considers how many people's lives depend on what that government decides.

It is a little like telling people who are saving for their own retirement: "Yes, you should save some money but it does not matter how much because we do not know what the future holds. Perhaps somewhere down the road you will win the lottery or you will inherit a bunch of money so don't worry about it". It is the same mentality that the government is applying.

I fear very much for Canadians if we are going to take this situation so lightly that the government, in spite of what international investors have been telling us even this week, is going to say it does not matter, it does not know what the future holds and therefore it is not going to set any targets. I think it is absolutely crazy. The government must wake up for the benefit of all Canadians and acknowledge that it has to set a hard target and take some tough action right now so that it can move toward it.

What Canadians really want is a government that is absolutely in line with their wants and needs. They want programs that encourage their deep desire to be self-reliant, not programs that work against it. They want an economy that rewards their work, not punishes them. They want a government that gets out of their face, not like this one which seems to have to have a finger in every aspect of their lives. The government has been absolutely without a single success that I can think of, in terms of really helping people over the long haul. I will talk about that in more detail in a moment.

(1545)

Canadians want a federal government that recognizes its severe limitations. A federal government in a country this size that is so far removed from ordinary Canadians has tremendous limitations. That needs to be understood. The federal government has to allow lower levels of government, families, charities, communities and obviously, individuals themselves to take more responsibility for their lives and to empower people to do things for themselves and give them some of the hope that they truly need.

I want to talk a bit about some of the areas where government has failed dramatically and compare them with areas where individuals have absolutely succeeded.

The first example I want to use is the Canada pension plan, and I will throw in old age security for good measure. I want to compare it with how RRSPs have done, a program that Canadians fund themselves and they are joining in ever greater numbers. In fact, I saw in the newspaper today that there has been a tremendous rise in the number of people who have gone to get bank loans so they can buy RRSPs.

When the Canada pension plan was established it was done so with the belief that it would sustain people in their old age. I do

not think there is anyone in the country, and probably not even anyone in all parties in this House, who believes that is going to happen. Everyone knows the Canada pension plan is woefully underfunded. It is about \$510 billion in the hole, if you compare it with other actuarially sound pension plans.

Old age security started out as being a funded program. However, that was abandoned and now it comes out of general revenues. People understand that as the debt gets bigger, the amount of money that can go into OAS and other social programs is rapidly diminishing. Most people realize now, even if they did not a year ago, that they cannot rely on government programs.

More and more people are starting to set aside money for themselves. That is why we see RRSPs growing tremendously. It is not a revelation to me that people believe they can save better for their own future than the government can. People all along have had more faith in themselves than in the government when it comes to these types of programs. However, it is only now, when the fiscal situation has become so acute, that people are taking this situation very seriously. They are scrutinizing how the government spends money and scrutinizing the form social programs take.

If we ask people to compare which is more successful today, the Canada pension plan or RRSPs, people are going to say absolutely that RRSPs are much more successful. They know their RRSPs will be there and that the Canada pension plan has eroded over the years.

I am going to get off the fiscal topic for a moment to talk about another area which is indirectly related to social programs and in which the same principle applies.

The other day the minister of multiculturalism said that Canada has no Canadian heritage. I thought that was curious, but then I thought about it and I think I understand what she was saying. For 20—some years or maybe a little longer than that, the government has tried to cobble together an official heritage, some kind of an official culture for this country. It has failed miserably and I think the minister of multiculturalism truly realized that.

Concurrent with that, there is a tremendous rise in Canada in the number of people who are going back to look at their own history. They are going through history books trying to figure out where their ancestors came from, where they lived in this country, and from which countries they originated.

People are very interested in the heritage of this country, but there is a big difference in how the government or the minister defines it and how people define it. People are very proud of their personal histories. All that taken together gives us a very proud heritage in this country.

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(1550)

We could even expand on that a little bit. In many cases, people are very proud of their communities. I come from a small community in Alberta. People there take a tremendous amount of pride in some of the local sites. What they really do not get very excited about are programs like official multiculturalism. They see that as something the government created a long time ago, not in response to their concerns but it was something the government felt it should do, that it knew better than Canadians did of what constituted real culture.

The comments of the minister of multiculturalism from a few days ago indicate that those types of top down programs have completely and utterly failed. The victims were the taxpayers who had to pay billions of dollars for those types of programs to keep them going.

Let us not continue to make the same mistakes over and over again. Let us not continue to have top down government in our social programs when we have shown over and over again that Canadians are more than capable of standing on their own feet. If they are given the tools, they are empowered to do so.

I want to talk about Reform's approach to empowering individual Canadians. We spoke this morning about a new approach to handling social programs. The member for Calgary North is sitting beside me. I applaud her and members of her committee for the tremendous amount of work they did in going out to really listen to Canadians and to come up with an alternative approach to Canada's social programs and safety nets, one that is really in alignment with Canadians' wants and desires.

Reform talked a little today about how we can empower the different groups of people who make up our country. We talked about empowering seniors, how we need to focus OAS and the guaranteed income supplement on people who are most in need.

This country is in tremendous financial difficulty. We have a debt that is over \$550 billion. Just about everybody realizes we are going to have to target our social programs to people who actually need them. That is what we have proposed in our document this morning.

We are going to eliminate mandatory retirement so that those who choose to work beyond 65 can continue to do so. There was an article in the Ottawa *Citizen* today that talked about the high suicide rate among seniors once they are forced to quit at age 65.

We are not saying that you have to keep working. We are not saying that at all. We are saying that if people want to, they can continue to work. Many people have a tremendous amount of potential and ability to still give to society when they hit 65 years. Of course people are living longer now. We see elderly

MPs who make a tremendous contribution to the House. We should not write people off because they have come to an arbitrary point set some years ago. Let us make sure that people, if they want to, can continue to fulfil their aspirations.

We want to give this country long term tax relief which will help seniors and all Canadians. Seniors are just as hard hit as anybody by high taxes. We have to move away from a government and a system that really does encourage growth in taxes. To do that, we need some accountability in the system. Maybe that could be a discussion for another day.

Of course, we have talked about our registered personal security plans. That is something we can talk about in more detail when we have some time.

We have talked about empowering families, strengthening the capacity of families to care for themselves and their dependants with tax relief and tax reform. We would like to see child care assistance come in a neutral form so that people themselves can decide what kind of child care they want.

I want to make a strong point. We are calling for a national registry so that people who have dodged their obligations to their families, those who are supposed to be making child support payments but have somehow dodged them will be eventually tracked down and forced to pay up.

(1555)

I am proud to say that my office has helped track down a lot of deadbeat spouses. Eventually these people have had to pay up. They have to pay the money back to their children through their ex-spouses.

The government has really not moved quickly enough in this area, although it has been in power for about 16 months. We very strongly advocate having a meeting with the provinces to work with them to put that registry in place. It is absolutely critical. Hundreds of millions of dollars out there are not getting to the children who really need the money. We are going to push very hard for that.

As we have mentioned before, we do have our RPS plan which we are going to consult with Canadians on and hopefully, eventually put into place. It would be a way to give some power back to families and allow them to provide for themselves.

We want to empower the unemployed and the job creators. I want to talk a little bit about the five-R jobs plan Reform has come up with. It is radically different from what the government has proposed in its infrastructure program.

We are proposing to reduce and eliminate the federal debt and deficit. We are proposing to relieve Canadians of their oppressive tax burden. We are proposing to restore labour market

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efficiency and reduce social program dependency. We wish to remove barriers to internal and external trade. We want to renew Canada's physical and intellectual infrastructure. Those are the five steps we would take to get Canadians back to work.

We could talk for a long time about these issues, but I know my time is up. I encourage the government to move quickly to establish a point at which it will reduce the deficit to zero and balance the budget.

Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, I listened to the speech by the hon. member. He was raving on about doom and gloom and negative things. I did not hear him speak at any time of the positive things this government has done since taking power.

I did not hear him talk about the fact that Canada for the first time in 10 years has led the industrialized world in terms of economic growth. I did not hear the hon. member talk about the fact that in a matter of one year and four months this government has created more jobs than the previous government did over a period of 10 years.

I did not hear the hon. member talk about all the progressive initiatives this government is taking in terms of embarking on major reforms, the foreign policy reforms, the social program reforms, the tax reforms. There are all of the major initiatives the government has taken on in order to look at the kinds of programs the federal government is suited to offer versus the provincial governments.

I did not hear the member talk about the infrastructure program this government has put in place. Municipalities from coast to coast have endorsed it and have spoken positively about it. People have seen positive things coming out of it.

I also did not hear the member congratulate the government on the fact that for the first time in a matter of 10 years this government will meet its deficit goals.

The business community is fed up with this negativism. The business community tells us day in and day out that it wants positive talk. It wants us to stop talking negatively. When will my colleagues in the Reform Party stop talking about the doom and gloom?

I will read a quote from a newspaper in Alberta where some of my colleagues were elected. The February 7 Edmonton Journal talks about the tax revolt which is being led by the Reform Party and states: "That is why the tax revolt incited by Manning and played out by the Canadian Taxpayers' Federation has the reek of raw manipulation about it. It is a classic case of setting up a straw man, knocking it over and savouring the victory. Instead of—

The Deputy Speaker: The hon. member for Medicine Hat.

(1600)

Mr. Solberg: Mr. Speaker, I am sorry that the hon. member subscribes to these conspiracy theories that the Reform Party has created the tax revolt. He should give Canadians more credit.

There are a lot of people out there who are vitally concerned about the state of this country's economy. They are vitally concerned about the fact that they are being taxed to death. We did not have to invite people to talk about this issue. When the government was floating trial balloons about RRSPs there were many letters that came to the finance minister to tell him to get the government's hands off their wallets. We did not have to do that.

The parliamentary secretary has talked about the fact that the country is leading the world in economic growth. What he did not say is it is because of the people in this country. It is not because of the government. He said the government has done this. He said the government has created jobs. Government does not create jobs. It was small businesses that created jobs. It was not because of the government, it was in spite of the government.

The parliamentary secretary talked a bit about the new initiatives that the government is taking, social program reform. That is a laugh. Even the human resources development minister admitted on national TV that it was dead, as dead as the dodo. That was a few days before the social program committee had to report. For crying out loud, the fact that it has started on an initiative is no guarantee it is going anywhere and that has certainly been the case with social program reform.

The infrastructure program that he referred to has given Canada some boccie courts in Toronto, a canoe museum in the Prime Minister's riding, another \$6 billion in debt. There is no doubt about that.

There have been many things that the government has done, but let us not believe for a moment that they have been positive. They have added to our debt. They have contributed to the concerns that taxpayers and investors have around the world. That is why this government has been assailed by investors and by taxpayers over the last couple of weeks. If the member doubts me, pick up the newspaper and take a look.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I listened intently to the member. I cannot get over the fact that the member would try to compare the RRSP system, which is essentially a government created system, not for a large number of Canadians, with the Canada pension plan which is something that every Canadian has access to. It is probably only about 40 per cent of Canadians who have even the ability to participate in an RRSP plan.

I want to challenge the member on one particular program of government that I personally am very proud of, multiculturalism. I happen to believe that multiculturalism is one the jewels

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of this country and because of people being very frivolous with it we are about to lose it.

For over 20 years, since 1971, we invested, promoted and encouraged Canadians to preserve their language and culture of origin. Today because of that investment by Canadian taxpayers we are recognized as one of the greatest trading countries on the planet. One of the reasons we are and that we have that trading advantage is that we have people who have preserved their language and culture of origin and it has given us very special access to these lucrative markets all around the world. Multiculturalism has also made us a tourism asset which if we ever got our marketing act together could be another envy of the world.

I think the Reform Party should be very careful when it is criticizing these programs and just wants to sweep them away. Renew them, eliminate waste, fiscal discipline, I support all of that. We would be absolute crazies if we did anything to take away our multiculturalism policy which is the envy right now. The United States is now in the process of spending billions of dollars to try to promote a multicultural reality because it had its melting pot theory. We were so far ahead of it and the Reform Party has missed the whole point.

(1605)

Mr. Solberg: Mr. Speaker, I think the hon. parliamentary secretary must have been very discouraged when his own minister of multiculturalism acknowledged publicly that we have no Canadian heritage.

I want to talk a little about some of the things the parliamentary secretary said. He said that we should have multiculturalism so people will preserve their language and they can use that for trade. I have more faith in people than that. I think there are people who have always preserved their language so they could trade.

It is crazy to suggest that since 1971 there has been some huge jump in the amount of people who are preserving their languages so they can trade around the world. I do not have the statistics but I would love to see the statistics. I think I could convince the hon. member across the way that we did not need to spend \$25 million a year for the past many years to encourage people to do that.

I think people are proud enough of their own heritage and that they will continue to preserve their own heritage at their own expense, without having some government program run by people who think they know better than individuals themselves what their lives should be like. That is crazy. It is time to give people some credit for being able to run their own lives.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to participate in this debate. This morning I had an

opportunity to pick up a copy of the Reform Party's taxpayers' budget, a plan to balance the federal budget.

I thought it was very appropriate that today in question period the finance minister was able to rise in his place and with only a very short period of time to look at this advise the Reform Party this plan would not balance the federal budget. He went on to explain why.

I want to give a few comments about what this document really means. It is important that the Reform Party has now put on the table what it really had in mind, the details it left out when it presented its balanced budget program to the finance committee last fall. It laid out \$10 billion of cuts on non-social program spending, which only added up to \$9 billion, showing the accuracy of the information it was given.

It did not tell Canadians about the social program side of it. It is only fair to let Canadians know now. I appreciate the Reform Party is now letting Canadians know what its real agenda is. Canadians should know its real agenda.

If you are on a guaranteed income supplement, the Reform Party is out to get you. If you are on old age security, the Reform Party is out to get you. If you are receiving Canada pension plan, the Reform Party is out to get you. If you are receiving health care benefits, the Reform Party is out to get you. If you are on socially assisted housing, the cuts in the CMHC, the Reform Party is out to get you. If you are on unemployment insurance—read the document—the Reform Party is now out to get you.

I had an opportunity to review the document this morning. It is quite simply an incomplete document. There is no information on the economic impact of the proposed cuts. It is unclear which programs are going to be cut and the numbers it will cut from several government programs are not there.

The leader of the third party admitted it this morning in the press conference. He did not have the numbers and details to support the numbers. It was simply an arithmetic exercise the Reform Party went through to say it can come up with \$25 billion.

It did not cost out the impact of those cuts. It did not even take into account many fundamental assumptions that are necessary in preparing a budget. It is not being honest with the Canadian public. It is not telling Canadians the true impact of the proposals on seniors. It is not telling Canadians the truth.

It does not take into account we have a growing number of seniors. It does not take into account which seniors will be affected by the proposed \$3 billion in cuts. Rents for seniors will be impacted if CMHC is privatized. It did not say how much. It did not care about seniors when it did this.

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During question period there was quite a debate going on about the word compassion. I can say in all sincerity that there is no compassion in this document. Slash and burn is the title of this document. The Reform budget is based on a philosophy that says families and charities should be the ones to take the burden for social programs. The Reform Party just wants to second the responsibility for these important programs to families and to charities that already are stretched to the limit.

(1610)

How many families can afford personal insurance RRSPs? Reformers are proposing that Canadians set up some sort of quasi-RRSP to provide for their own unemployment benefits, their own education, their own retirement and for their own non-essential health care.

Today most Canadians cannot even afford to contribute to RRSPs and yet the Reform Party is saying it can eliminate old age security, the Canada pension plan, all of these things that the government does. All it has to do is let people contribute to RRSPs. This is not clear thinking at all. Reformers are out of touch with Canadians and out of touch with the basic communities.

The Reform budget includes a two tier health system, the slash and burn to our health care system. It is unbelievable. There is a 25 per cent cut in transfers to the provinces. There is a proposed reduction in international aid. There is no question that there may be some cuts there but the Reform Party fails to realize the importance of international aid as it is tied into the promotion of our international trade which is a major source of new economic growth.

The Reform Party has not addressed the accumulative impact on the regions of Canada, the cuts in equalization payments that it is proposing, the regional development and support programs to industry. There is not one detail as to the impact of those cuts. Simply we can cut the spending and they do not do anything anyway so the cuts will have no impact. That is fundamentally wrong.

What are the main features? Reform has said it is going to cut \$10 billion out of government operations and non-social program spending. This is the same or similar to the report of the finance committee of the House of Commons. These are the things that were dealt with, the business subsidies, et cetera. I do not think there is much argument there. However, the key component that was missing was the component with regard to the social programs and that is where it is going to cut \$15 billion out of social security spending, including \$3 billion from the elderly, \$3.4 billion from unemployment insurance and \$6.6 billion from transfers to the provinces.

Let me deal very briefly with elderly benefits. Reformers are talking about a \$3 billion cut. However, if one takes into account population growth and indexation, the real cut they would have to make is something like \$5 billion. They have not taken into account the fact that we do have an aging population and that there will be more people demanding those benefits presently being offered. That has not been taken into account. That is a fundamental flaw in the entire document.

In addition, the programs include income thresholds and age requirements. I think the Minister of Finance today in question period basically laid out that if one were receiving old age security, under the savings that the Reformers are proposing in their plan the threshold for clawback would be something like \$11,000. That means people who are receiving GIS would all of a sudden not be getting old age security.

This slash and burn and trash people is the kind of thing that Canadians should know about, the vision and the plans that the Reform Party has for Canadians. The Reform Party is out to get you is the message this document shows.

I wanted to talk very briefly about UI reform. Reformers said they would eliminate regionally extended benefits, lengthen work requirements and shorten the benefit entitlements to lower benefit payouts for repeat users with each additional claim. Reformers count the \$3.4 billion benefit reduction to the deficit because they could not let premium rates go down but rather they would run up a huge—estimated at around a \$12 billion—accumulative surplus on the UI account until the overall budget deficit is eliminated.

This kind of mathematics is simply numbers. There is no substance, no vision, no explanation and no detail to the impacts. There is no compassion in this document at all.

What about the transfers to the provinces? Reformers are going to lower cash transfers under the EPF and the CAP but they are also going to transfer additional tax points.

(1615)

In question period today the finance minister pointed out very succinctly that you cannot have it both ways. Revenue is going to be impaired simply because of the transfer. Sure it is in there. It is in there to show the arithmetic works but if you do not take all the components into account, the budget will not balance. The Reform Party has not carefully managed the revenue stream that it is going to need.

The \$3 billion reduction in equalization would be a massive attack on the poorest provinces. Regional differences do not matter. The Reform Party represents Alberta. It does not care about the maritimes. It does not care about Newfoundland. It does not care about Quebec. All it cares about is, we can do it ourselves and why can you not?

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Members of the House of Commons have to speak on behalf of all Canadians. We have to have a national vision, a Canadian vision. We have to speak on behalf of all Canadians, not just on behalf of our own regional interests.

The conclusion I reached in going over this document is that it is terribly vague but it does show some very important points, the most important of which is the absolute attack on seniors, on the elderly, on those who are in most need in our society. That to me represents what is contained in this document that the Reform Party says is going to balance the budget. Let us look at some of the facts.

Canada's growth rate in the last year was 4.25 per cent, the highest in the G-7. The OECD predicts that Canada will continue to lead the industrial world for the next two years. Real exports are up. The Conference Board found a positive boost in investment, with 81 per cent of firms planning more investment.

Over 450,000 new jobs have been created since the government took over. The 1994 budget laid the foundation. Today the Minister of Finance announced that next Monday, February 27 he will present the next budget for the people of Canada.

There we will see how a government shows compassion and also meets its fiscal targets of 3 per cent of GDP by the end of the third year and lays the foundation for the next two-year cycle to bring Canada's budget into balance.

That is what the Liberal Party stands for, not slash and trash, particularly seniors and those most in need in our society.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, how scared the Liberals are of the Reform Party when they make absolutely outstanding comments. This speech is just absolutely, totally off the wall.

As I said to another member from the southern Toronto area, my family and the families of the people within our party have seniors who we are concerned about. We are concerned that this government is destroying the ability of government to fund the social programs on which they depend.

He says about us: "You are just doing to slash and burn, you are going to trash seniors". I cannot imagine the fear that there must be within the Liberal Party that finally there is a party that is prepared to stand up and expose government overspending, expose its inability to get spending under control. Social programs are under threat from the Liberal government.

I do not see anything positive about coming into the House and characterizing Reform members as being uncaring and not worried about social programs. Nothing could be further from the truth. In fact, that is the reason why we are here. That is the reason why we made such an effort today. We want Canadians to

have an opportunity to see an alternative to the silliness that is presently going on.

I ask the hon. member a question. I know he has an accounting background and must be able to read a balance sheet. Surely he must know that while revenue is growing at a rate of 3.3 per cent, debt is growing at a rate of 10.3 per cent. The 7 per cent spread is growing. Every single solitary dollar of the \$110 million that we borrow today is going to pay interest on the money we have already borrowed. We are going deeper and deeper into the hole.

(1620)

Perhaps the hon. member can tell us, as a professional accountant, how in the world can you possibly run a balance sheet when you are going into debt twice as fast as you collect revenue?

Mr. Szabo: Mr. Speaker, the hon. member always talks as if the Reform Party would not increase the debt over the period that it is talking about. It never talks about how much it would increase the debt in implementing its plan.

Let me read from the Reform Party's document. This is what that party is going to do to seniors. To Canada Mortgage and Housing it proposes a 24 per cent cut. Does that party not believe that seniors require assisted housing? If we look at seniors' benefits, there is a 15 per cent cut in all of their benefits. Clearly those cuts would be at the lower end where people can least afford it. To unemployment insurance it proposes a 22 per cent cut, and a 34 per cent cut in welfare.

I do not have to go on. Simply look at the numbers. We can see that this document, which was prepared by the third party, represents an attack on Canadians who are the most in need.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, in this life if you do not make a choice, someone will make it for you. That is what is happening to that motley crew over there.

The government sounds like an opposition party, not a leading party. My colleague has done nothing but critique the Reform's proposals. The difficulty that I am having here is, what is the Liberal Party doing?

I would like to ask the hon. member this. How much debt will the Liberals have incurred since taking office to the end of their mandate?

The second part of the question is: At the end of the mandate I believe the Liberal Party will be overspending by approximately \$26 billion a year. We say zero. Which is better for Canadians in the long run?

Mr. Szabo: Mr. Speaker, the government election campaign was run in October 1993 on a platform which said that it would achieve 3 per cent of GDP by the end of the third year of the

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mandate. The Minister of Finance has brought down a budget. We are on track.

If members noticed, the Minister of Finance said today that not only are we going to meet this year's deficit target, we will do substantially better. I think that is important.

The hon. member asked a very important question. What would be better, zero or 25? It is the same question, the answer to which is basically that the operation was a success but the patient died. That is what the Reform Party is proposing. It is proposing an operation that will get us to zero, but at the same time Canada's social programs will die.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to begin—

Mr. Abbott: Now we will get some intelligent comments.

Mr. Mills (Broadview—Greenwood): You may not say that by the time I—

The Deputy Speaker: The hon. member was not in the Chamber earlier when I asked members to please put their remarks to the Chair. Anytime the word "you" is to be used it is to refer to the Chair.

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I am sorry. I will make sure that I do that for the remainder of my 10 minutes.

I read most of this document today. My initial reaction was the following. I thought that the Reform Party had a lot of courage to put forward such a comprehensive document just before the budget. It is a great debating tool. The Reform Party will no doubt, as it will discover, face a lot of criticism for the flaws which are in it.

(1625)

However, the essence of this Chamber is to exchange and to debate ideas. We come here with different backgrounds and ideologies. Obviously there are a lot of things in this document that I would not support. However it will be useful for me when constituents come with your proposal. I may be able to point out some of the good things, while showing some of your flaws.

The Deputy Speaker: The member who said he would not use the word you has used it twice.

Mr. Mills (Broadview—Greenwood): Three times and you are out. I am too close to the Reform Party, Mr. Speaker.

One of the reasons I was profoundly disappointed in this document was that members of the Reform Party campaigned on comprehensive tax reform during the last election. They campaigned on restructuring the tax acts. It is no secret to members that I was delighted when there were 40-odd members returned to the House who shared—at least I thought they shared—my view, as do many other members on this side of the House that it

is time to overhaul the entire personal and corporate income tax structure.

Canadians should know that in this document the only reference to proposals for a taxpayer protection act are one page, on pages 53 and 54. Canadians believed the Reform Party was truly committed to tax reform. In a document of 55 pages, to only have one page devoted to tax reform is not a serious effort.

It is a serious flaw in the document because I happen to believe, and I know a lot of Reform members believe, that Canadians are frustrated with the current tax acts. The complex tax system we have is one of the reasons why people are putting money offshore. It is one of the reasons we have such a large underground economy. It is one of the reasons we have a lot of entrepreneurs who are not investing in creating jobs. On that issue I say that the paper prepared today, the taxpayers' budget, is misleading and it falls short.

There is another thing that concerns me about this debate in total today. It is this total preoccupation with the federal deficit. I believe, as all members believe, that the deficit must be dealt with. I cannot imagine a member standing up anywhere saying that the deficit is not important.

We have had enough debates on the federal deficit and the fiscal discipline side of this equation. We are not talking about the growth side. How are we going to put 2.2 million Canadians back to work? I wish we would spend more time speaking back and forth and I think Canadians would like to see more debate in the House back and forth on how we can put people back to work.

I want to be very specific about what I mean. My colleague from Waterloo handed me a document he received today, a debating document called "The Working Nation". This is a policy paper on policies and programs from the Australian government.

The Australians have an idea that I would like to share with members and all Canadians today. It is called the job compact. This is an idea they are debating in their House right now. The job compact will apply to all those who have been in receipt of a job search or a new start allowance for 18 months or more. A job compact will include more intensive case management, training and support to ensure the unemployed person is job-ready, a job for six to twelve months primarily in the private sector, a training wage which combines employment with training, leading to recognized and transferable skills. New work opportunities will encourage local proposals for employment generation, especially in regions where other employment opportunities are limited. Intensive job search assistance and referral to suitable vacancies at the end of the job compact maximizes employment outcomes for those assisted. There will be stronger penalties for job seekers who do not meet their obligations under the job compact. The paper goes on to describe how jobs will be

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obtained and how employers will be further encouraged to consider the abilities of long term unemployed, et cetera.

(1630)

That is a specific idea the government is currently putting forward to give every unemployed Australian a chance to get back to work. That is the kind of thing I personally wish we could debate in the House. We have talked enough about the deficit and the debt.

When all is said and done and the budget comes out next week, I am sure all the things in the red book will be there. However we still have to face the challenge right away of getting those people back to work. That is what I think is missing in the debate.

The whole notion of human deficit is very important. As our human deficit grows eventually it will hit us like a ton of bricks. There are 700,000 university trained and educated young people who cannot find work. That is crazy. That is what I believe our focus should be on.

I want to expand my point about human deficit. It is the reason we have a fiscal framework right now that is not very healthy. Not only are there unemployment costs and health care costs but there are all kinds of potential loss.

My appeal to the opposition parties is that they have now made their point about the federal deficit and the debt. I believe all members of the House understand it well. I am confident, as I said earlier, the Minister of Finance will bring testimony to that realization next week.

I would like to suggest to members of the House that our preoccupation in the next 60 or 90 days should be on identifying the priorities and government instruments we can use to stimulate entrepreneurship and to market the country to get the human deficit under control. Let us change our language from federal deficit to human deficit and let us attack it next.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I appreciated the parliamentary secretary's speech. He certainly gives a good perspective.

We are concerned about the people of Canada. The real response to his intervention is not whether we want to look after the people but rather how to do it. The question arises: Is it good for jobs in the country to have the government spend 50 per cent of our money?

To me the answer is obviously no. It would be much better for the government to spend less of our money and to allow individuals to promote and improve themselves in job situations because the private enterprise system is working much better. That is one of our main points of debate.

I want to ask the parliamentary secretary a very difficult question. He may choose to talk around it instead of answering

it, in which case I will assume that either he does not want to answer it because it is embarrassing to him to be on that side of the House and to answer it, or he may be equivocating and does not know. I do not know what he will say. However if he chooses to answer I would be very pleased.

(1635)

The item of debate today is whether the 3 per cent of GDP is an adequate target. I am really quite convinced that it would be best if we eliminated deficit spending and stopped putting the government and the people more and more into debt.

Is 3 per cent an adequate target? Yes or no.

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I do not think that is such a complicated question. The absolute hope and desire of every member of the House would be to go beyond the 3 per cent and eventually eliminate the deficit. If the member gave us some magical way in which we could eliminate the deficit instantly, Mr. Speaker, do you think we would not want to do it?

I want to make another point. We are debating priorities in the House right now. I would like to focus on one that I believe in passionately. Right now the Government of Canada invests \$50 million in tourism marketing for all of Canada; we spend \$50 million to promote Canada all over the world. Nike shoes spends \$200 million in the United States of America.

As a government priority I believe it would be good not just to spend \$50 million of Canadian taxpayers' money promoting Canada and filling our hotel rooms, our theatres and our restaurants. I believe it would be a worthwhile tax expenditure to spend five times that amount because it would be money we would get back in 90 or 120 days. The job creation that could result would be incalculable in the short term.

There is an ideological difference between us and the Reform Party. I do not believe the private sector alone can do all these things well. There are times when government has to intervene.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I thank the parliamentary secretary for his speech today. We are down to discussing differences of opinion rather than getting involved with who loves their mother more. That is very helpful.

I also agree with him that we need some major tax revision. We were looking at the process and have come forward with a substantial difference between the way the Liberals think about government and the way we believe Canadians want to think about government. We had to do a complete shift before we could come up with these numbers.

I would like to run these assumptions on jobs by the parliamentary secretary. The Liberal flawed assumption on jobs is that governments can solve the unemployment problem through public spending. The consequences are that government

spending is now at an all time high. Yet over a million people are still unemployed or underemployed.

By comparison, the Reform Party believes that the private sector and not the government is the engine of job creation in Canada. The government's role is to create a healthy economic climate by eliminating the deficit, stabilizing and reducing taxes, and reducing bureaucratic regulation and trade barriers. The result is that we would have significant increases in private job sector creation. Does the member agree?

Mr. Mills (Broadview—Greenwood): Mr. Speaker, government does not create jobs. Government creates an environment that accelerates job creation potential.

The point I want to make is that we agree with everything the member said. No one has accelerated privatization and of-flooded government instruments after using up public policy usefulness faster than the Minister of Transport.

We are not trying to build empires. We are working rigorously and quickly in many respects to try to do some of the things the member cited.

(1640)

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, I rise to debate the subject of whether the 3 per cent of GDP is acceptable as a target in reducing the deficit. My answer to the question is no, it is not acceptable. It is unacceptable for a number of reasons, but before getting into my more formal remarks I wish to compliment the Parliamentary Secretary to the Minister of Industry. Once again he has demonstrated that there is at least one member on the other side of the House who actually reads some of the material we present.

You are the parliamentary secretary of industry and not of transport. I am so happy the minister—

The Deputy Speaker: The hon. member is a highly experienced member like his predecessor. I ask him to watch his use of the word "you".

Mr. Schmidt: I apologize, Mr. Speaker. I wanted to make it absolutely clear that I was speaking to the Parliamentary Secretary to the Minister of Industry and not transport. I am very honoured the Minister of Transport is in his place this afternoon.

There are a couple of reasons I believe the 3 per cent of the GDP as a deficit is unacceptable. First, I was absolutely amazed to think of where that 3 per cent of the GDP came from. The following question was asked in the House: "Why is 3 per cent such a reasonable goal?" The Prime Minister answered at that point, I believe it was April 11, 1994, by saying: "We have a goal that is achievable to reduce the deficit in relation to GDP to 3 per cent per year. This goal is very reasonable because 3 per cent of the GDP is the requirement for any country to qualify in

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Europe to use the new currency called the ECU. If it is good enough for all countries in Europe to have that goal it should be good enough for Canada".

Why is that a problem? Is it because Europe has a totally different geography. The economies of the countries making up the European community are very different. The total debt structure is very different. The demographic distribution of population is very different. Their natural resource base is very different. Why is it that should apply it to our country?

If it is good enough for them it ought to be good enough for us only if everything else is equal. Is it really relevant in that situation? I could not help but think of an analogy in our armed services. I thought about the uniforms some of our generals wear. It seemed to me it was something like going to the tailor and saying: "If you want to make a good suit for the Prime Minister, go measure him really well. If the Prime Minister fits the suit it will automatically fit the Minister of Finance". Nothing could be more ridiculous than accepting for Canada a similar goal that is set somewhere else and saying that it should be ours as well unless everything else is the same.

Why do we not have a goal made in Canada for Canadians by Canada's government? That has not happened.

Second, this goal is not acceptable because it is financially inadequate. There is a principle that all governments should observe: governments should not be allowed to spend what taxpayers are not prepared to pay for. The violation of that principle has put us into the mess we are in today. For the last 30 years Canada's expenditures have exceeded revenues. Canada's debt has risen exponentially in the last few years.

Third, foreign investors who hold about 40 per cent of Canada's debt are becoming concerned that Canada will not be able to service its debt. It is not that they are so worried about paying the principal of the debt but they are concerned about being able to service it, that is paying the interest on it.

I am sure it comes as no surprise to anyone in the House that the deficit on an annual basis is made up of the interest payments on the principal of our debt.

(1645)

There may be those in this House who suggest that the debt problem is really that of more than one level of government. It certainly is.

I go back to the ECU. That 3 per cent GDP figure includes all debt of a country, not just the federal debt. In Canada we are looking at 3 per cent of the federal debt and that is not sufficient.

The suggestion is also made that somehow there is support in the economic community or in the business community for that level. I want to refer to October 18, 1994 when the Prime Minister said: "We have faced up to our responsibilities. We

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were the only political party that put in writing in our red book exactly how we would achieve our objective. The financial community thinks that it is realistic and it is a realistic objective. A deficit of 3 per cent of the gross national product is the level required in Europe for all countries in the European community to qualify for the new European currency”.

The justification is that our business community supports that. I simply refer to the suggestion that our credit rating will be dropped down. We have had since then a devaluation of the Canadian dollar. We have had an increase in our interest rates. Also I draw members' attention to the situation in November 1994 when foreigners took a net \$2.2 billion out of our country. Foreign investors reduced their holdings of Canadian bonds by \$4.9 billion, a record for a single month.

Some other points to observe are that by September 1994 Nomura Securities Canada Inc. said that eight of the largest Japanese life insurance companies had cut their Canadian dollar exposure by 60 per cent from the previous year's level, reflecting mainly concerns over currency losses. The Canadian dollar decreased in value while the yen increased in value.

The London based Warburg Asset Management director Tom Berger says that Canadian bonds because of the debtload no longer make up core holding in his portfolio but may be used opportunistically on a short term basis.

Further evidence comes from Michel Doucet, economist for the National Bank, who observed that foreigners sold \$3.4 billion of Canadian bonds in the secondary market in November 1994 alone reflects a loss of confidence in Canadian bonds.

One of the reasons investors are worried is that the debt is rising faster than the economy. Particularly they are worried that the government will relax its hold on inflation targets and that the currency will devalue as a result.

There are serious implications of the Moody's situation. I think it was two days ago that the president of Sun Life indicated that there is enough discomfort by that sort of thing happening that we rebegin to question whether the superintendent of financial institutions through the office of the superintendent of financial institutions is inadequate to control and monitor meaningfully the financial institutions of Canada.

All we need to do here is milk the special white paper that was introduced last week by the secretary of state for finance. It is worthy to note as well that nothing has been said about the implications of the goal for our chartered banks and other deposit taking institutions of those kinds of downgradings.

Let us not forget the billions of dollars that are found in RRSPs, GICs and other debt instruments. With one stroke of the

pen to decrease the value of the Canadian dollar, a lot of damage can be done to the savings of Canadians.

There is a third reason this is an inadequate target. It guarantees further indebtedness. At the rate of \$25 billion per year, that means that there will be a \$100 billion addition to our debt every four years.

It is already growing faster than the rate of the GDP. That means it is as if the value of one's house were going down while the cost of one's mortgage was going up, a formula for disaster.

Let us review some of the recent experiences with reducing the deficit as a proportion of GDP. In 1991 the deficit was 6.6 per cent of the GDP. In 1992 it was 9.1 per cent. In 1993 it was 7.1 per cent and in 1994 it was 6.5 per cent.

From that vantage point alone it seems a bit far fetched that all of a sudden we are going to get to 3 per cent. Canada's economy has been strong because the U.S. economy has been strong.

(1650)

There are now some pretty clear indications that the prospect of the U.S. economy continuing to roll along is not going to happen but that it is slowing down. It is likely that we are nearing the end of the current North American business cycle. That will make it increasingly difficult for the Minister of Finance to reach the goals he has set.

Three years have been wasted. It should be no surprise whatsoever that business leaders and credit rating agencies have difficulty believing that the minister is serious about dealing with the deficit.

The other part of the problem is the composition of the contemporary welfare state. Our welfare state works at the present time so that deficits rise when recessions hit and fall when the economy grows. Let us look at this in more detail.

Canada's deficit soared nearly 7 per cent of GDP after the 1981-82 recession but was under 3 per cent of GDP in 1988-89 after several years of solid growth.

This time in this increase the economy has been growing since 1992 but because of Ottawa's position of inaction we have seen no improvement in the deficit and that is where the problem is. It affects the levels of all governments to borrow for their needs for capital expenditures such as roads, schools and things of that sort. There will always be a need to borrow money. If our credit rating drops down it will impact our ability to do so.

If we use our credit to finance current expenditures for education, health and welfare we will be unable to finance those projects that are in themselves revenue generating. That situation compounds a difficult situation into an escalating and worse position.

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I think this particular goal is deceptive. It sounds so good to be able to say 3 per cent of GDP. It is confidence generating—they have a number, they have to be right. The result is that the number, as we have indicated previously, cannot improve the long term health of our financial position because it will increase the debt of our country.

It is illusionary. The deficit will never be eliminated by a goal where the deficit is a proportion of the GDP. It means a perpetual deficit and the accumulation of more debt.

It transfers more of our responsibility not to ourselves but to future generations, in particular our children and our grandchildren. Instead of providing them with a more promising future we are saying they are going to pay more and more for the lifestyle that we ourselves were not prepared to pay for.

It reduces the attractiveness of Canada as a place in which to invest money. Another reason why I believe this particular goal is inadequate is that it is manipulative. It creates the illusion as if something is being done when very little is being done that would instil confidence in investors and credit rating agencies.

While Canadians on the one hand are urged to plan for their retirement, their children's education and so on, it is clearly known by the Minister of Finance that in pursuing this particular course the government's inaction will erode the future purchasing power of those savings through inflation and increased taxes.

Thus what appeared to be a very well planned RRSP turns out to be a mere existence under the new economic conditions. Canada pension plan contributions were said to be deposits for the future of the depositor so they could retire in comfort, but the legislative provisions for the investment of those funds mitigated against them. Many of the returns on those invested dollars were uncompetitive.

For these reasons I believe that this particular goal is inadequate. It is inadequate because the target was chosen not for Canada but for another series of countries. The fact that it is a rolling goal over two years and so on is not acceptable, as we heard so aptly this afternoon. It is based on the goal that we are supposed to be able to continue to grow and develop when there is nothing in the history of Canada so far to indicate that will take place. It is inadequate because it is not an honest position of giving hope to future generations. It saddles them with the responsibility of paying for a lifestyle which they did not enjoy but which we did.

(1655)

That is a moral question as well. I believe that I should be held accountable and responsible for the things that I enjoy and the things that I want to do. I should not go to my children and say I

want to drive a new car, I want to be able to do all of these things and they are going to pay for them.

This goal is a disincentive not only for us if our taxes are going to increase, which I understand from the minister, not directly but indirectly that they will, but it is also a disincentive in the sense that it provides little or no hope for our young people who will look forward to an increasing burden of debt. Is that the legacy we want to leave them? No, that is not what we want to leave them.

Much has been said this afternoon about compassion. The greatest compassion we can have is give to our young people the hope of living a better life than the one which we have enjoyed, to give them a tax burden which is less than ours, not greater than ours, one in which they will be able to initiate their own ingenuity, their own entrepreneurship, their own aggressiveness to be able to build a life which is self-satisfying and fulfilling, better than the one we have been able to give them.

We have not been giving them the example of managing money successfully and effectively. We have given them the impression that government can answer all questions, government can do all things and government can give them jobs. The answer is that government can do none of those things. As the parliamentary secretary said so clearly, it creates the environment in which these things can happen. This goal destroys that environment. We must change that. We must stop that and bring about a deficit which will reach zero in three years. That is what our plan is. That is what our party stands for. That is true compassion.

[Translation]

The Deputy Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Burnaby—Kingsway—China; the hon. member for Frontenac—agricultural subsidies.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I would like to refer to a specific section with regard to retirement in the documents presented today by the Reform Party. It says that many seniors express frustration at mandatory retirement. Despite the fact that seniors are healthier and living longer than ever before, many of them are legally obliged to stop functioning as productive members of the economy once they turn 65. To complicate matters further, federally run pension programs start paying benefits at age 65.

Specifically, I would like to ask the hon. member if this means they are proposing to raise the age at which seniors are eligible to receive Canada pension plan and whether that is something which they propose to do instantaneously or phase in over a number of years.

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Mr. Schmidt: Mr. Speaker, there are two parts to the answer to that question. The difficulty lies not so much in seniors wanting to retire at age 65, but that it is mandatory that they do so.

The important issue here is that there be flexibility and that no person would be required by law to retire at age 65. If they are healthy and willing to work beyond 65, they should have the opportunity to do so. They should also have the privilege to retire at age 65 if they choose to do that.

The second part of the answer with respect to increasing the mandatory retirement age or the age at which benefits would cut in, that it seems to me came from a meeting at which a Liberal person made a statement somewhere in Ontario. There is nothing in this document that says that we will increase the age requirement of the mandatory retirement age.

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, the hon. member for Okanagan Centre opened up his debate by questioning our 3 per cent GDP target and spent almost 70 per cent of his time wondering whether we would achieve that 3 per cent GDP target.

(1700)

In his preamble the hon. member stated that the 3 per cent GDP target was arrived at by looking at an area on the map of the world because of geography, demographics and natural resources. It seems to me those same criteria apply even more so to Canada.

In 1993 in terms of objectives, there was a party that had zero in five, another party that had zero in three, and another party that had three in three. Canadians spoke and said that a target of 3 per cent of GDP was acceptable to them.

I question the whole approach of the Reform Party today. Whenever we talk about the deficit, with each dollar we look at there is always one aspect we must remember as parliamentarians: there is a person, a human being behind that dollar. We are going to touch every single human being with the decisions we make.

Yes, a 3 per cent GDP target may not be ambitious for financial institutions and others, but it is an interim target. It is something Canadians can hold on to dearly. Even if we achieve that target the Minister of Finance in his address to the finance committee admitted publicly that we must strive for the day when we will have a balanced budget.

I ask the hon. member where in his party's platform do they see that compassion, that understanding for the human face that is behind every dollar? Their proposals go after the weakest provinces, after those on welfare, after the unemployed and after seniors. We must show compassion, as the hon. member said.

Mr. Schmidt: Mr. Speaker, I am very pleased to be able to address the question of compassion. The greatest compassion we can give is that of hope for a better future. There will be no better demonstration of that than to give to the Canadian people a balanced budget with the hope of reduced taxes in the future. That is true compassion.

The other part of compassion is to give to those who cannot look after themselves the wherewithal to look after themselves. If we analyse the alternative budget presented this morning, we will see very clearly as one of the major principles in the social programs that those who cannot look after themselves will be the very first to receive the social program benefits. Those who must be looked after will be looked after. That is true compassion.

It is when we kick people who are down that we have no compassion. For people who can help themselves, we let them develop the strength and empower them so they can look after themselves. That is also compassion, to let them realize what they are capable of becoming. Then we look after those who cannot do that for themselves. That is true compassion and that is the human being behind the dollar.

Mr. Clifford Lincoln (Parliamentary Secretary to Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, in our electoral red book, which became the action plan of the Liberal Party during the 1993 election, we proposed a holistic way to look at government.

We proposed to the Canadian people that the basis of funding services and programs has to be money, and budgetary considerations have to be paramount. At the same time, we proposed and suggested that there are social responsibilities a government cannot avoid.

We admit that previous government administrations, including Liberal governments, have built a huge debt for which we are now responsible. We have to attack that debt, reduce it, and reduce our huge deficit. At the same time, we suggested we cannot do so at the expense of the government's responsibility to look after social programs and all the various services only a government can give.

(1705)

What we proposed is the formula adopted by the European community of 3 per cent of GNP after three years, the reduction of our deficit to \$25 billion. As we have said, naturally this is the first phase. We will have to go farther than this. We are all conscious of that. At the same time however, we are convinced that we cannot do so at the expense of our basic fundamental responsibilities as a government.

My colleague from Vaudreuil put it very well. In all the equations, in all the formulas about deficit and debt reduction, people have to come first. People have to be the priority.

The basic argument we have with the Reform Party is not that we should attack the deficit and the debt, but how we should do it and the timeframe in which we should do it. Reform's formula is an instant formula: make the deficit disappear to zero within three years. Ours is gradual. Ours says we will reach an important target. It will take tremendous sacrifices on the part of Canadians as the budget will show next week. At the same time, we feel it is the only way to avoid the pitfall of sacrificing the services and social safety net that Canadians depend on.

I was struck by the budget presented by the Reform Party. There are all kinds of footnotes and references to economists, chambers of commerce, and institutes of actuaries in Canada. All the references, perhaps bar one, are of an economic nature. I have not seen any references to books, to social activists, to social reformists, or to community groups that might present ideas. I have not seen any references to an environmental network that might also have a say in how the affairs of a country are run. It is purely a budget relating to dollars and cents, added up and subtracted as if people do not count, as if people do not exist.

For example, there is a reference in the Reform Party's budget to the U.S. economy which has produced consistently less unemployment than Canada since the 1970s. One thing that is not pointed out which is pretty obvious to me is that the U.S. market contains a population of 260 million. It is a huge internal market whereas ours has barely 30 million people. The U.S. market and the U.S. economy are huge compared to ours, 10 times the size of ours.

At the same time the point the famous Reform budget does not make is that if the U.S. has a lower rate of unemployment, maybe it could also say that the U.S. has a lower rate of interest. What is not said is that every year, 30 million U.S. citizens go without proper health care because there is no universal health care in the United States.

We can compare countries, but if we are to make a fair comparison, we have to do it on a holistic and comprehensive basis. We do not select only the bits that are suited for our own arguments.

The Reform budget talks about Ireland and Denmark, but I noticed that it does not mention New Zealand, the latest experiment in fast track deficit and debt reduction. The New Zealanders decided that overnight Minister Douglas was going to wipe out the deficit, so they deregulated the financial markets. They cut the taxes for corporate and upper income earners by half.

(1710)

New Zealanders drastically cut public services. In one day alone they closed 75 post offices because they cost too much.

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They significantly reduced any infrastructure dollars given to towns and municipalities for sewers, road works and other different infrastructure projects.

The result was that unemployment went from 4 per cent to 16 per cent. They went from being a very peaceful and safe society to one which is now experiencing a lot of violent crime. Poverty rates went up 40 per cent. New Zealanders now have to pay huge user fees to use medical services. They have no universal health care any more.

The amazing part is that this huge deficit reduction curve did not help. In fact it made life even more difficult and more painful.

We are saying that yes, let us reduce the deficit and the debt but let us do so progressively, responsibly and intelligently.

It strikes me that with this simplistic approach we can have a magic kingdom with this magic formula in three years according to the Reform Party. However, this magic kingdom I read about in its report is full of little conditions. I will just quote a few of them.

In social programs, the details of such longer run reforms of the social programs still have to be worked out. Yes, Reformers still have to work out the programs.

With regard to seniors and the famous tax back in old age security, the details of such a program requires further discussion with Canadians and seniors specifically. I would hope that if they have a tax back on seniors, they will discuss the details with Canadians and seniors specifically. Obviously they have not or otherwise they would not write it as such.

In regard to seniors, the Reform Party says: "We should abolish retirement at age 65". I was part of a commission when I was in the Government of Quebec. One minister at the time when I was in opposition decided overnight to lift the retirement age at age 65. I remember questioning him as to whether he had actuarial figures to show what the impact of this was going to be. I asked him if he had any studies to show what the impact was going to be on young people who would not get a chance to be employed if there was no retirement of seniors.

However, in the magic kingdom we just do this and retirement no longer happens at 65, regardless of the consequences to younger people who want to find a slot. I have a young daughter who is a teacher. In the first few years of her teaching life she cannot find a job because people do not retire at the top. However, Reform will do this and suddenly the magic has happened. Before proposing anything we have to know all our facts and figures.

On page 46 of the Reform Party's plan it says it would also investigate the possibility of equalizing UI premiums for employees and employers rather than making employers bear a

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heavier payroll burden. Reformers say they will investigate and then they tell us that their figures are watertight.

Over the long term the Reform Party is investigating a number of options for the renewal of Canada's UI system. Reformers are still investigating a number of options for renewal of Canada's UI system yet they tell us with so much cockiness and assurance: "Oh yes, we are going to wipe that deficit to zero by a great magic. You can't but we can".

Reformers talk about the principles of social reform. The principles of social reform are to have families look after themselves. They want to put the accent on families. I am for that 100 per cent because I am a family man. Let us empower people in communities and I am with that too.

In the simplistic way of looking at things, once Reformers have looked after families, once they have looked after empowerment, once they decide to only take care of the needy—they do not explain who the needy are, the needy according to the Reformers, I wonder who the real needy are according to them—then everything else will take care of itself.

(1715)

I will give my own personal experience. I have a retarded son. For 20 years or so, I have worked in community groups relating to the intellectually handicapped. We built schools, we built pre-schools. We started with volunteer groups trying to get out of the glue, trying to raise funds by selling bricks for schools, holding lotteries and fund raising events. Eventually it was only through government programs that we were able to set up a proper network which gave the services that eventually enabled the intellectually handicapped to find a place in the sun, to integrate into society.

Perhaps what the Reform Party does not want to accept is that we are an evolving society. Twenty or 30 years ago my son would have been kept hidden behind the bushes somewhere, but today people evolve. We have autistic children, we have severely handicapped children that go to schools because we have given them the means through expert help of finding a way to better themselves, to enhance their own personalities, their own beings.

Members of the Reform Party ignore the evolution of society. They think it is a static society. They talk about seniors as if we have a static group of seniors, whereas aging in Canada is happening at a rate which is exponential: to date something like 12 per cent of the population in some areas, and tomorrow it is going to be 18 to 20 per cent. They do not provide for that. All the figures are static. We are going to make seniors carry on, working beyond 65. We will have a tax back on old age security and somehow we are going to retrieve all this money and the \$17

billion that is left we are going to distribute very evenly among all those that need it without saying how this criteria is going to be built.

They do not talk about what is happening in a society that is fast evolving with problems that are immense. We never knew Alzheimer's 20 years ago. We never knew the tremendous rate of cancer in society, of AIDS. We have all sorts of fantastic problems to face today. They are so complex and require so much money, require expert services, that private institutions cannot give them. Only government can give them because only government has that responsibility to the people who need it most. Whether we like it or not, the private world is geared to profit motives mostly.

What they do not say in their document which we say in our red book is that to all the problems of society, whether they be financial, whether they be educational, whether they be illiteracy, whether they be a social dysfunction in families, have root causes. We have to address the root causes of them.

I do not see anything in their budget that addresses the root causes. It is strictly an economic document that talks about dollars and cents, that balances columns, that adds up and subtracts and arrives at \$25 billion; \$15 billion that they will take out of security and social systems and \$10 billion in government operations and that will cure the world.

If they say it is only the Liberals that are crazy, that do not see their great magic, I will read to them that some critics from outside feel differently. "With this \$25 billion in cuts to annual federal spending the deficit indeed will soon stand at nothing. So too might the country. It is here that Reform's proposals fall short. It is one thing to present some specific solutions, which the party has done, but it is another to set out the consequences, which the party has not done". That was written by the *Edmonton Journal* from the province from which many of them come.

It says in the *Ottawa Citizen* on November 29, 1994: "The Reform Party does not know what impact the deep spending cuts that it is proposing will have on the economy or on individuals, party finance critic Ray Speaker conceded on Monday".

In another editorial it states: "If you picture government spending as a runaway bicycle the Reform would jam a stick in the front spokes. It gets the job done but odds are that you will not recognize the face of the nation afterwards, nor would you want to look". That is the *Ottawa Citizen*.

(1720)

"Reform Party's Preston Manning's shrill call for absolutely no tax increase sounds simplistic and irresponsible. The Liberals seem ready to chart a realistic course of how to get out of debt city and on to recovery road. It certainly beats the Reform

Party's slash and burn shortcuts which would take Canada nowhere fast". That is from the *Montreal Gazette*.

Then the *Calgary Herald*: "Reform, for its part, would rapidly slash federal government spending so as to create a fiscal balance while creating a huge social deficit in the form of greater unemployment and social polarization".

I challenge Reformers to show us how they really arrive at zero deficit in three years without raising taxes. Remember, if they do not raise taxes and suddenly cut everything in sight, they arrive at zero deficit. Then in their magic kingdom, empowerment, family life, giving the community the responsibility to administer all this, suddenly everything will come right.

The amazing part is that this does not take care of fishermen out of work in Newfoundland. I see that typically all the Reform members come from western Canada. I do not know if many of them travel to Newfoundland, to Prince Edward Island or Nova Scotia or New Brunswick or Quebec, or the Gaspé coast where thousands of people are out of work, where unemployment insurance is not something that people want to have because they feel good about it, but because it is needed for them to sustain a dignified living, to try to look for some other way to recycle themselves while they have no work.

Fortunately, sadly, these responsibilities cannot be passed on to somebody else. They have to be the responsibility of governments. Governments have to continue to be involved, to be responsible.

I believe that our budget approach of reducing the budget gradually to the point of 3 per cent of GNP by the next fiscal budget is a responsible approach. Then we go on to reducing it further.

In the meanwhile, the pain, the hurdles will be formidable enough as they are. Canadians are being asked to make tremendous sacrifices already. I believe their sacrifices will be worth it but certainly we should not ask them for more and the magic kingdom of the Reform is for naught.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I sincerely respected the speech we just heard, particularly at the personal level.

Again I would like to state what we are really talking about here, to put it on a proper level of debate, is a different philosophy in arriving at the same goal. The Reform Party is not out to destroy social programs. What the Reform Party sees is the Liberal government, with its present course of action, in the process of destroying the ability to fund social programs.

I hope that the member and I could come to an agreement that we are both out for the same objective but we are attempting to

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arrive at the solution from different perspectives. I am sure the member is not suggesting that we do not desire to see the social programs not only continue but to be available for people.

With that in mind, I would draw this to his attention. We receive in the House a publication called "Quorum". On page 17 of "Quorum" he was quoting from the *Edmonton Journal*.

This quote is from the *Edmonton Journal* of February 18 where the energy minister, who is a member from Alberta, called the Moody's downgrade "irresponsible".

(1725)

"It angers me when we are working very hard to get our fiscal house in order". She said Moody's should have waited until the budget is tabled, "and then if they do not think we have done enough; fine. Then they can let us have it."

"The truly important factor in all of this is that until we deal with our fiscal situation we are going to be held hostage by the Moody's and the others of this world. What they are doing is slowly undermining our sovereignty."

To me, that is a reflection of where Liberal members are coming from. They do not realize that when they look in the mirror and see broccoli on their teeth they should not smash the mirror, there is broccoli on their teeth. The problem in this case is that the Liberal government has been going out of its way to say Moody's is wrong. Moody's happens to be advising all of the people. The *Wall Street Journal* is wrong. All of these people are wrong and the Liberals are right.

I wonder if the parliamentary secretary would not agree that the remarks we are hearing from Dominion Bond Rating Service, from Moody's, and from all of these other publications are trying to tell us something, that in fact the 3 per cent level that the government has chosen will have the effect of destroying Canada's ability to be able to fund the programs that he and I want to maintain.

Mr. Lincoln: Mr. Speaker, I have listened to the Minister of Finance several times. He has met us in various meetings. I have listened to him here in the House.

We have gone to the people of Canada during an election where we put forward our electoral platform very clearly. We set in it exactly what we were going to do. We were going to reduce the deficit to 3 per cent of GDP within three years. We are on target to do this.

We set out the various programs that we wanted to keep, the programs we wanted to maintain as a social safety net, the programs we wanted to enhance, and we have set it out in very clear language with figures backing it up.

Supply

All the various financial houses were aware of what we were trying to do. The budget is going to come down within a week. We should all wait to see what it says, what it does, what thrust and direction it takes, whether it follows in the same path as the first budget, which it will do, and whether we are on the right target.

I am convinced that once the budget is down, once the facts are known, that all the various naysayers will agree that Canada is going in the right direction and following the right path, and that certainly we are keeping to our commitments in a very credible way.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I will make a couple of comments and then ask a couple of quick questions of the Parliamentary Secretary to the Deputy Prime Minister.

First of all, I want to touch on his reference to New Zealand. The parliamentary secretary in referring to New Zealand said this was an example of what tough deficit reduction can do and has done. The Parliamentary Secretary to the Deputy Prime Minister should know that in fact New Zealand chose not to take tough deficit reduction action, and as a result its economy collapsed. Exactly the same thing happened there as Canada is facing right now.

One day there was no one willing to buy the bonds that New Zealand floated, and Canada is very close to that. That is what Moody's and the others are warning about. The parliamentary secretary had better do a little bit of reading on what happened in New Zealand so he can speak factually about what did happen. I thought I would correct him on that.

I would like to also talk about the target of 3 per cent of GDP in three years that he refers to as the target set in the Maastricht treaty. It was a deficit target but it was based on all government debt, not just federal government debt, whereas this Liberal target is on federal government debt only. The target the Liberals have set is nothing like the target set under the Maastricht treaty.

The Deputy Speaker: There did not appear to be a question in that. We are at 5.30 p.m. Perhaps the parliamentary secretary does not need to respond.

It being 5.30 p.m., it is my duty to inform the House that pursuant to Standing Order 81(19), the proceedings on the motion have expired.

* * *

[*Translation*]

INCOME TAX ACT

The House resumed from Friday, February 17, consideration of the motion that Bill C-59, an act to amend the Income Tax Act and the Income Tax Application Rules, be read the third time and passed.

The Deputy Speaker: Pursuant to the order made Friday, February 17, 1995, the House will now proceed to the taking of the deferred division on the motion at the third reading stage of Bill C-59.

Call in the members.

(The House divided on the motion, which was agreed to on the following division.)

(*Division No. 163*)

YEAS

Members

Adams	Allmand
Anderson	Arseneault
Assadourian	Augustine
Barnes	Beaumier
Bellemare	Bertrand
Bevilacqua	Blondin-Andrew
Bodnar	Bonin
Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Belair	Calder
Canniss	Catterall
Cauchon	Chamberlain
Chan	Chrétien (Saint-Maurice)
Clancy	Cohen
Collenette	Collins
Cowling	Culbert
DeVillers	Dhaliwal
Discepolo	Duhamel
Dupuy	Easter
Eggleton	English
Fewchuk	Finestone
Finlay	Flis
Fry	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Godfrey	Goodale
Graham	Gray (Windsor West)
Grose	Harvard
Hickey	Ianno
Iftody	Irwin
Jackson	Karygiannis
Knutson	Lastewka
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lee
Lincoln	Loney
MacAulay	MacLaren
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Marleau	Massé
McCormick	McGuire
McKinnon	McLellan (Edmonton Northwest)
McTeague	McWhinney
Miffin	Milliken
Mills (Broadview—Greenwood)	Minna
Mitchell	Murphy
Murray	O'Brien
O'Reilly	Ouellet
Pagtakhan	Parrish
Patry	Payne
Peters	Peterson
Phinney	Pickard (Essex—Kent)
Reed	Regan
Richardson	Rideout
Ringuette-Maltais	Robichaud
Rock	Serré
Shepherd	Sheridan
Simmons	Skoke
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Szabo
Telegdi	Thalheimer
Tobin	Torsney
Ur	Valeri
Vanclief	Walker
Wappel	Whelan
Wood	Young
Zed—129	

Private Members' Business

NAYS

Members

Abbott	Ablonczy
Althouse	Axworthy (Saskatoon—Clark's Crossing)
Bellehumeur	Benoit
Bergeron	Blaikie
Breitkreuz (Yorkton—Melville)	Brien
Bélisle	Caron
Chatters	Chrétien (Frontenac)
Cummins	Daviault
de Jong	Deshais
Duceppe	Duncan
Epp	Fillion
Forseth	Frazier
Gauthier (Roberval)	Gilmour
Godin	Hanrahan
Harper (Calgary West)	Harper (Simcoe Centre)
Hart	Hayes
Hermanson	Hill (Macleod)
Hill (Prince George—Peace River)	Jacob
Lalonde	Landry
Lavigne (Beauharnois—Salaberry)	Lebel
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Loubier	Manning
Marchand	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest)
Mills (Red Deer)	Morrison
Nunez	Paré
Ramsay	Ringma
Robinson	Schmidt
Solberg	St-Laurent
Stinson	Strahl
Taylor	Thompson
Tremblay (Rimouski—Témiscouata)	White (Fraser Valley West)—64

PAIRED—MEMBERS

Members

Alcock	Asselin
Axworthy (Winnipeg South Centre)	Bachand
Bakopanos	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bouchard
Canuel	Clancy
Comuzzi	Crawford
Crête	Dalphond—Guiral
Debien	Dingwall
Dubé	Dumas
Fontana	Gagnon (Québec)
Gerrard	Guay
Guimond	Harb
Hopkins	Jordan
Keys	Langlois
Laurin	Leblanc (Longueuil)
Loubier	MacDonald
Nault	Rompkey
Terrana	Wells

[English]

The Speaker: I declare the motion carried.

(Bill read the third time and passed.)

The Speaker: It being 6 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[Translation]

UNEMPLOYMENT INSURANCE ACT

The House resumed from Thursday, December 8, consideration of the motion that Bill C-216, an act to amend the Unemployment Insurance Act (jury service), be read the third time and passed.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, I would like to speak in favour of the bill tabled by the hon. member for Restigouche—Chaleur and tell him that we, the official opposition, truly hope that this private members' bill will become law.

It is indeed a flagrant injustice that people collecting unemployment insurance lose their benefits when they accept jury duty. It is an injustice of the kind that could compromise justice in all of the provinces and in all of Canada.

Some people have said that this provision should be covered by provincial law. I think it should be the opposite. In fact, what we have before us is an amendment to the Unemployment Insurance Act that would guarantee that jurors would not lose their entitlement to UI benefits because they are on jury duty. I must point out that, for the act to apply, the person submitting the claim for benefits under the Unemployment Insurance Act must already qualify and continue to qualify under this bill.

It is difficult to be a juror. It is certainly more difficult than being a member of Parliament who is trying to deliver a speech when everyone is talking. They have to carry out certain duties and we should at least make it easier for them. In fact, it is thanks to jurors that we have a justice system that is based on decisions made freely by citizens—

The Deputy Speaker: Dear colleagues, would you please stop talking and show a little respect for the hon. member who has the floor.

Mrs. Lalonde: Thank you, Mr. Speaker. It seems to me that this issue is important enough to give a member of Parliament the right to a modicum of attention, in the same way that unemployed jurors merit to qualify for benefits.

The current provisions of the Unemployment Insurance Act prevent UI claimants from accepting jury duty. I believe that one factor should weigh heavy in the decision that this House and eventually the government must take, and that is that, day in, day out, including any allowances to be made for Quebec, on the average 30 per cent of all those who are able to work or have worked are on unemployment insurance. Not everyone milks the

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system until their benefits run dry. What is more, with the new cuts we are seeing, it is not everybody who qualifies for unemployment insurance for several months.

There is therefore a significant number of citizens who, each year, rely on unemployment insurance. Something does not make sense when the judicial system must pass over these citizens, who are available anyway, only to call on others.

Furthermore, it hardly makes any sense either that those who must serve as jurors are only paid the meagre allowance of \$25 per day.

(1805)

It is not merely a question of amending the Unemployment Insurance Act to ensure that people chosen for jury duty may exercise their right to do so—recognizing that they are not handsomely paid since, as people say, no one gets rich on unemployment insurance in any case—and continue to receive at least the minimum to which they were already entitled under the Unemployment Insurance Act, thereby allowing them to perform this function which is eminently necessary to a democratic system, namely being chosen at random from the population for jury duty.

I say to the minister that this is not only a reform worth carrying out, but rather one that should have been carried out a long time ago because of the many negative consequences for ordinary people. In that way, we would be sure at least that persons receiving unemployment insurance benefits would not try to avoid this important role which is also very demanding physically and morally.

Since certain responsibilities are already being imposed on them, we would like to allow them to keep at least some peace of mind, which is in any case greatly diminished since unemployment insurance is hardly a king's ransom.

So I would ask the House to vote for the amendment proposed by my colleague from Restigouche—Chaleur and I say to him that Bloc Quebecois members will vote for this amendment.

[*English*]

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, it is a pleasure to rise today to speak in favour of the private member's bill of my hon. colleague which will enable those claiming unemployment insurance to receive their regular benefits while they are engaged in jury service.

First, I congratulate the hon. member for Restigouche—Chaleur for the thoughtfulness and thoroughness he has shown in redressing this problem in the Unemployment Insurance Act. Through his efforts the House has learned that it is difficult or impossible for unemployed Canadians to fulfil their legal responsibilities as citizens of the country when asked to perform jury duty.

However, what is most impressive is that through the efforts of my hon. colleague, the Government of Canada is now in a

position to rectify an unfair situation. This is an excellent example of how people can use the system to make changes that benefit all Canadians. A constituent has voiced an important concern and as a result of my hon. colleague's actions we now have a bill before us that will redress an injustice faced by many Canadians.

I am sure we all agree that private members' initiatives such as this one provide a valuable direct link between the concerns of our constituents and positive legislative change. Furthermore, the enthusiasm of our government to support the process can only strengthen the democratic parliamentary process.

The government's support of the specific bill clearly indicates that we are open to reviewing all aspects of our social programs and correcting flaws therein. We know our current programs are far from perfect. Some may have outgrown their usefulness and others have not kept pace with time.

In this case we must ensure the system does not penalize people who are merely trying to fulfil their responsibilities and duties as Canadians. To vote in support of the bill is simply to acknowledge that UI claimants should not be penalized when they engage in jury service. They are, after all, serving their country by doing a stressful job that ultimately benefits all of us.

It makes no sense for one arm of government to force a person into service while another arm of government punishes a person for providing that service. With no alternative at hand, more and more judges have little choice but to excuse UI claimants from jury duty. This is not a solution but merely a stop gap measure. Judges have stated their disapproval with the current system to both the Minister of Human Resources Development and the Minister of Justice. Exempting UI claimants from jury duty removes the claimants from an unfair situation. The question we must ask, however, is: Why not simply stop creating the unfair situation in the first place?

(1810)

Judges have pointed out that by excusing UI claimants from jury duty on compassionate grounds it makes it more difficult to ensure the accused will receive his or her right to a trial by a fair and true jury of peers.

There are two reasons for this. In regions of higher unemployment, for instance, the routine exemption of potential jury members because they are on UI arbitrarily decreases the pool of jury members available, often to the point where it is difficult to ensure that a jury is selected from a broad cross-section of society.

Furthermore, as my hon. colleague from Restigouche—Chaleur has pointed out, in trials where the defendant is unemployed the automatic exclusion of all UI claimants from the jury could have a serious bearing on the defendant's right to a trial with a jury of peers who understand the circumstances and life situation of the defendant. Under the current system, however, judges

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have no other road open to them except to excuse UI claimants from duty.

There are good reasons Canadian citizens are legally obligated to engage in jury service when called upon. Each one of us has a right to trial by a jury selected from among our peers. This is a principle we cannot afford to tamper with. The principles involved and their accompanying social consequences surely warrant the small increase in unemployment expenditures that would be involved.

Finally, we must emphasize that most employees continue to be paid their normal salaries while fulfilling jury duty obligations. Their collective agreements protect them from the injustice of losing their jobs or losing income when they perform this service. It therefore seems unfair for the federal government to cut off UI claimants when so many employers are not permitted to lay off or fire employees for the same reason.

The bill will help our fellow Canadians to fulfil their civic duty without undue hardship. It will also help to ensure that the fundamental principle of a fair trial by jury is maintained. For all these reasons I am convinced all my colleagues in the House will vote in favour of the bill.

I thank my hon. colleague for bringing forward this important piece of legislation. I encourage all members of the House to support the bill before us today.

Mr. Garry Breitzkreuz (Yorkton—Melville, Ref.): Mr. Speaker, once again I rise to speak against this private member's bill. The bill would allow unemployment insurance claimants to collect unemployment insurance while serving on juries. It clearly demonstrates why the country is in such a serious financial crisis. Instead of finding ways to save millions of dollars, the government is busy running around finding more ways to spend millions of dollars.

Some hon. members: Oh, oh.

Mr. Breitzkreuz (Yorkton—Melville): I hear the jeers coming from across the floor. I would appeal to members of the House to listen to reasoned debate. If every member would listen to the issues at stake in the bill and each vote according to his or her conscience, I believe the result would be very different from voting along purely party lines.

It is essential to look at the issues. I have heard the description of the problem but there are some options the government has refused to consider. That is why I oppose the bill. I will speak to it and give the reasons for opposing it.

I will say right now, and I will say it openly, that the Liberals just do not get it. Canadians are sick and tired of governments that spend more than they take in. Canadian taxpayers are sick of members of Parliament who are more concerned about paying

unemployment insurance claimants to sit on juries than they are about them looking for work.

(1815)

I listened to the hon. member's intervention. It reminds me of somebody who looks at his bicycle and sees that one tire does not look the same as the other. One is flat and one is not. He decides he is going to make them both look the same and punches a hole in the one that looks good. Then they both look the same. That is the Liberal way of solving some of these problems. If we have a problem with the justice system we do not fix it with the UI system. It is that simple. We are creating inequities. I am getting ahead of myself. Let me get into this reasoned debate that the members need to listen to.

The hon. member for Restigouche—Chaleur quite rightly identifies the problem with the poor compensation that provinces pay citizens to sit on juries. Rather than doing something about the specific problem, he attempts to avoid the real problem by giving jurors a handout from the unemployment insurance program.

Do you think it will ever be properly solved once you do this? The answer is obvious, no. Once we start going along this path, it will not be properly solved in the justice system where the solution should take place.

In this bill the hon. member proposes to break the fundamental insurance principle that all UI claimants should be available for work in order to collect UI benefits. The government has strayed so far from the rules of a true insurance program that many Canadians already think that unemployment insurance is a social program, and that is a fundamental mistake.

I am here to remind the hon. member, the Liberal government and all taxpayers in Canada that unemployment insurance is an insurance program, not a social program.

When the Reform Party forms the next government we will put an end to all this social engineering nonsense and return the UI program to its original purpose, an employer—employee funded and administered program to provide temporary income in the event of unexpected job loss. That was the original intent.

The hon. member says that this non—insurance measure will only cost \$2 million or \$3 million. Does he really think that voters want their government to spend \$2 million or \$3 million more to pay UI claimants in this way? Has he asked the voters in his constituency if they had \$2 million or \$3 million to spend if this would be their priority?

I do not think this member would get this support if he had gone to his constituents. I do not think they would support the direction of this government and the way it is heading with this bill.

Private Members' Business

He gets several individual complaints. I have talked to the member. People are giving comments across here, but I have talked to him directly and he has received several complaints. This is not a big push from across the country, believe me.

Here we are in the midst of the most serious financial crisis the country has ever faced and the best bill that this member can come up with is a bill that would spend \$2 million or \$3 million more. If we eliminated all the special handouts like the one proposed by the hon. member which the Liberal government has added to this UI program since 1971 we would save billions of dollars.

Why has this government got its priorities so mixed up? Again, I say it just does not get it. Taxpayers do not want to spend more. They want to spend less. Workers and employers do not want high UI premiums. They want lower premiums. This will force them up.

What kind of petitions has this member received in his office? Has he received any petitions? How many hundreds of letters has this member received complaining about this issue? Has any MP received even one petition concerning this? I receive petitions and letters complaining about the government's gun control proposals and I receive many petitions and letters opposing the government's plan to include sexual orientation in the Canadian Human Rights Act. I receive many petitions to balance the budget and not raise taxes. Is this hon. member saying that he has received these petitions? I doubt it.

If he is I have to question the hon. member on his priorities in bringing this bill before Parliament. Who supports this bill besides some Liberals who have their thinking locked into the 1970s?

(1820)

The senior officials at unemployment insurance certainly do not think it is a good idea. Talk to the people there. They know it goes against their own insurance guidelines and they were opposed to it until it went to the standing committee.

Their claims adjudication guidelines state:

As a general rule, a UI claimant who is on jury duty is not considered to be available for work during a trial. The unemployment insurance plan was not designed to provide compensation for lost wages in such circumstances.

The experts at unemployment insurance add that the problem is not with the UI rules on availability but rather the poor compensation provided for jurors. Reformers agree.

There is the problem. That is where it should be solved, not with the unemployment insurance plan. The research branch of the Library of Parliament also concurs with us:

The primary issue in this matter seems to be that adequate remuneration for jury duty is the responsibility of the provinces rather than that of the employers and employees who contribute to the unemployment insurance program.

Those are the experts in the Library of Parliament.

If the government actually gave the employers and employees who pay for the UI program a real say in how their money was being spent, I do not think they would agree to provide benefits to claimants while they are serving on a jury.

If the voters are not clamouring for this change, if the experts at unemployment insurance say it goes against insurance principles, if the researchers at the Library of Parliament agree it is the responsibility of the provinces, and if the workers and employers who pay UI premiums are not asking for it, who is? Only the hon. member for Restigouche—Chaleur and his misguided supporters in the Liberal caucus can answer that.

The law is simple. If UI claimants are serving on a jury, they are not available for work. If they are not available for work, they are not entitled to unemployment insurance. Fix the system where it is broken.

UI claimants are supposed to be looking for work while they are receiving benefits. If they are serving on a jury, they cannot be actively looking for work. Unemployment insurance is not a guaranteed annual income and should not be treated as such.

Everyone collecting unemployment insurance must be actively looking for work and ready, willing and able to accept a job immediately. If the Liberals compromise the insurance principle of availability to allow jurors to collect UI, who is the next group they will designate as deserving special treatment and special status? They opened the door and they are going to have to accept other people with similar excuses.

Reformers say the UI program must be returned to a true insurance program. In order to do this all of the special programs, exemptions and exceptions, including the discriminatory elements such as variable entrance requirements and regional extended benefits, have to be eliminated.

If unemployment insurance ran like a true insurance program, anyone who collects UI repeatedly would have to pay higher premiums. Any employer who regularly lays off workers would also have to pay higher premiums. This private member's bill takes us in the opposite direction to where Reformers want to take unemployment insurance. This is the main reason we cannot support this bill, but not the only reason.

I hope everyone is listening carefully to this next point, because for a government that claims to be the champion of equality, it goes against that basic principle. If this bill were adopted even the principle of equality would be jeopardized. An

employed person is expected to take time off work for jury duty. Often they are not compensated for their lost pay.

Now we have the situation with a worker sitting on a jury, losing money because he or she is doing public duty. Beside him is someone being paid by the public purse, a UI claimant getting paid by the government to do the same job.

No one I have heard speak from the other side or even from the Bloc has addressed these two problems. Fix the system where it is broken. Fix the justice system. What are they going to do about the inequities they create with this kind of system?

(1825)

That answer has not been forthcoming. It should be answered before he supports this bill. The hon. member raises the point that often employers pay their employees while they are serving on a jury and that it is unfair to UI claimants to have their benefits cut off.

If this charge were allowed to pass, what does the member think will happen? If a worker is called to do jury duty, the employer will lay him off so that he can go on UI and collect payments. In other words, one is opening the floodgates to have many people collect UI who normally would not be able to do so because they are laid off by their employers when they have to serve on a jury.

Those members are creating a problem. They are not solving a problem. They are making two flat tires instead of fixing the system where it is broken. This would undoubtedly lead to an increase in UI claims for people serving on juries and therefore an increase in cost to the UI program, which is already billions in debt.

While there may be a problem of fair compensation to all persons who serve on a jury regardless of their employment status, we do not believe that tinkering with the Unemployment Insurance Act and intruding into this area of provincial jurisdiction is the way to solve it.

A simpler solution we propose is for judges to use their discretion to excuse UI claimants from jury duty, as has been done in the past, or else have the provinces deal with the problem. It is their problem.

In closing, it is obvious that jurors are not fairly compensated and on this point my hon. friend and I agree. It is inexcusable that jurors are asked to work for days, weeks and in some cases months for \$15 or \$20 a day.

The Reform Party was founded on the principles of equality, fairness and common sense. That is lacking in this bill. We find that this is an area that needs to be addressed, but this is an area of provincial jurisdiction. Reformers believe the federal government should not be interfering in areas that are clearly a provincial matter.

Private Members' Business

The flawed logic behind this type of thinking has this country \$550 billion in debt. Every time there is a problem, they do not fix it where it is broken. They simply throw more money at it. This type of thinking costs us \$40 billion in interest payments every year; it is this type of thinking, this debt and the interest payments that are the biggest threat to the future of most of our social programs.

Canada cannot afford to make these kinds of decisions with our hearts instead of our heads. Reformers will vote against this bill.

The Deputy Speaker: There being no other members who wish to speak, I will call on the sponsoring member to close the debate.

Mr. Arseneault: Mr. Speaker, I will not take too much time. It has been four years since this subject came to Parliament. Much has been said in committee and in the House. Rather than review all that, I want to take this opportunity to thank my colleagues from the Liberal Party who supported me.

[*Translation*]

I would like to take this opportunity to draw attention to the support provided by the Bloc Quebecois

[*English*]

I would also like to thank my colleagues from the Reform Party who have certainly enlightened us on their point of view in this debate. I appreciate that. They have their point of view. I appreciate their point of view, but again we have ours.

I would like to thank every one of my colleagues but I would be remiss if I did not thank the officers of the Chamber who have helped me immensely. They have guided me whenever I needed guidance with regard to the bill. Also my own staff have been very efficient in helping me with this bill. The clerks and personnel of Private Members' Business have been super in giving me information and advice. I thank them this evening and I look forward to their support on this bill.

(1830)

[*Translation*]

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

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Some hon. members: Nay.

The Deputy Speaker: In my opinion the yeas have it.

Some hon. members: On division.

The Deputy Speaker: I declare the motion carried on division.

(Bill read the third time and passed.)

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

AGRICULTURAL SUBSIDIES

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, yesterday I was asking the Minister of Agriculture about agricultural subsidies, and, more specifically those allocated to grain transportation in western Canada. On the eve of the budget, my concern was to try to find out a little more about the intentions of the minister, who wants to review all agricultural subsidies.

The Minister of Finance ended the suspense this afternoon. The budget will finally be tabled at 4:30 p.m. on Monday, that is, in a week's time. We will then discover the fate of agricultural subsidies. We will discover, finally, whether existing rail carrier subsidies will be replaced by direct subsidies to western grain producers.

So, in answer to my question, the minister gave a rather vague response. He said his colleague in transport and he had been involved in discussions with the primary stakeholders and that the details of the discussions would be made available once the budget was tabled in this House.

The message is clear. We will not have any more information until next week. The minister's response to this, in a minute or two, will be, I expect, a good couple of minutes of fine speech-making, devoid of content. Why do I bother, you might ask, Mr. Speaker? I do so to protest the government's attitude in this matter.

Yesterday, the minister said that Western grain transportation reform had been debated quite often during the past 25 years. As far as I know, his party, the Liberal Party, has been in power for the past 25 years, longer than it deserves, and it never had the guts to take action in this respect. What we have been seeing lately seems to be a rerun of what happened in the past. And that is what bothers me.

Last summer, the Minister of Transport announced that the Crow rate would be abolished. His colleague at Agriculture and Agri-Food hastened to say his department would pick up the

slack by making the necessary changes. The committee on payments to producers examined the question and made a number of recommendations, which included transferring the subsidy directly to producers to help them adjust to the new situation.

(1835)

We expected the minister to let us know whether he supported this approach. Not a word from the minister.

Since that time, it seems the minister has seen talking and consulting quite a lot. That is why I am anxious to hear what kind of measures the minister will implement to make this an effective and satisfactory subsidy for producers, while meeting international trade standards.

There is a risk, however, and this will affect farm producers across the country, that the \$566 million paid to Western rail carriers will be paid directly to Western producers only, who will then be able to diversify their operations and, in the process, compete with farm producers in the rest of Canada, which would improve their competitive position.

Imagine, for instance, that with the help of the subsidy, Western producers would be able to raise hogs more cheaply than producers in Quebec or Ontario. This would mean unfair competition with the help of public funds. Can you see farm producers in Quebec and Ontario paying Western farmers to compete unfairly on the hog market? I am using hogs as an example, but it could be any kind of livestock that would allow Western farmers to compete with producers in Quebec or Ontario or the Maritimes.

The Deputy Speaker: I am sorry but I did not notice the hon. member's time had expired. We will now proceed with the response from the parliamentary secretary.

[*English*]

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the Minister of Agriculture and Agri-Food meets regularly with industry leaders, including l'Union des producteurs agricoles du Québec.

These discussions have led to legislative amendments to the Western Grain Transportation Act which were tabled in December. These amendments will ensure better use of scarce taxpayer dollars as well as protect our producers from potentially damaging trade actions.

While important, Bill C-66 will not be sufficient in itself to fix all that ails our grain handling and transportation system. Broader reforms are necessary for four very strong reasons.

First, we must deal with the harsh reality of fiscal limitations and the battle against the debt and deficit. Second, we must comply with the requirements of the new GATT agreement with respect to the disciplines that apply to trade distorting subsidies. Third, we need to unlock new grain handling and transportation efficiencies leading to a lower cost and faster system overall.

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Fourth, we need to foster greater agricultural diversification and a trend toward more value added processing.

To accomplish these objectives the Minister of Agriculture and Agri-Food and the Minister of Transport have been conducting two sets of comprehensive consultations for all the players in the Canadian grain handling and transportation system. This will go far to solving the problem.

CHINA

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP): Mr. Speaker, I am pleased to have an opportunity to follow up on a question I originally asked in this House on November 1 last and then followed up with a further question on November 16. These questions related to the visit of the Prime Minister and a group of cabinet ministers, including the Secretary of State for Asia-Pacific and others, to China and to Asia.

At that time I raised concerns, in particular on November 16, with respect to the issue of Canada's support and particularly that of the Prime Minister for the Three Gorges dam in China. I am appalled that the government would support such a project which would have an enormously destructive impact not only environmentally on China, but also on its people. This project would involve displacement of over one million Chinese from the Yangtze river area.

(1840)

When the Liberals were in opposition they took a very different position. The Secretary of State for Latin America and Africa said: "While I realize the building of this dam would provide Canada with substantial business opportunities, is it worth the cost? The dam will impoverish and dislocate millions".

In addition I would note that any opposition to this dam was ruthlessly suppressed in China. The authors of a 1989 book called *Yangtze Yangtze*, a group of distinguished Chinese officials with scientific and technical degrees, had their book banned. One of them was jailed and fired from her job and others were taken into custody.

It is appalling, as I said, that this government would support this. I am pleased that the premier of the province of British Columbia has indicated that the province of British Columbia would not participate in any way in the contracts for Three Gorges.

I also want to take this opportunity during the time of the United Nations commission on human rights to urge the Government of Canada to support in the strongest possible terms the resolution which is coming before the commission with respect to China. I would note that resolution in its draft form includes a specific reference to Tibet as well and the concerns around the very serious human rights violations in Tibet. I hope that there

will not be any attempt to water down that resolution and to refuse to make reference to Tibet.

Finally, I want to note that human rights concerns continue to be a matter of great priority. I was disappointed that the Prime Minister apparently only paid lip service to these concerns during his visit to China. The premier of Nova Scotia did not even notice that he had made reference to it. Afterwards he was reminded that perhaps he had. We saw in December of last year the fact that Chinese courts have handed down terms of imprisonment of up to 20 years, terms of 20, 17, and 15 years for non-violent peaceful Chinese dissidents. This is totally unacceptable.

I expect our government to speak out. I expect our government to speak out as well with respect to the issue of East Timor at the United Nations commission on human rights and to support a strong resolution on this issue.

I welcome an assurance from the Secretary of State for Asia-Pacific that this government will come to its senses and will withdraw its support for Three Gorges and for the sale of Candu reactors.

Hon. Raymond Chan (Secretary of State (Asia-Pacific), Lib.): Mr. Speaker, I appreciate the interest of my colleague across the floor. He brought up quite a number of issues, but today I would like to take this opportunity to respond to his concern on the Three Gorges issue.

We have to recognize that the decision by the Chinese government on the Three Gorges dam project is not based on the support of Canada. The hon. member spoke about quite a number of reasons on the negative side, but I would also like to bring the attention of the House to the positive aspects of that project.

The Chinese have begun work on that based on several reasons, one of which is the urgent need to protect some 10 million people from flooding below the dam site and also China currently uses coal based energy sources, which we all agree have a large negative impact on the environment. Hydro electricity is a cleaner source of energy. China faces critical shortfalls in electric power which hamper the creation of jobs in a disadvantaged region of China. There is a need to improve navigation on the Yangtze River so as to allow shipping to reach Chongqing, one of China's largest cities.

In a Chinese context, the Chinese government, faced with the urgency of the region's requirements, considered the solution to be both viable and optimum. It is implementing the project. That decision is not based on what Canada has decided to do.

On balance we see the contribution of Canadian companies as positive. Canada is a world leader in the environmental technologies and services sector. Canadian companies, therefore, have an important and significant contribution to make to China as it

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addresses the environmental aspects of this project. Their participation could introduce management and technical features that would reduce the project's negative impact. That is why the government will support Canadian firms. Their environmental practices and expertise could positively influence the project.

Also it is important to note that the Canadian power sector has identified China as a key market to bridge flagging domestic demand and to ensure its survival over the next decade. They are using a Team Canada approach to China. Their participation in the Three Gorges project could create some 35,000 jobs in Canada, many of which would be in the troubled high value added electrical industry and SME suppliers.

Canadian hydroelectric and environmental firms are among the best in the world and are therefore well placed to win contracts. However international competition will be intense. Business and the attendant jobs in Canada will only be won with strong government support.

The Deputy Speaker: I regret to inform the hon. minister that his time has expired.

Pursuant to Standing Order 38 the motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.45 p.m.)

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