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I have to concede, hesitantly, that they have made some progress. They are borrowing less. That is true, but to try to pass that off as economic success and as fiscal responsibility is—I cannot use the word. That is what it is. It is what I cannot say.

I ask the member what she said in the campaign.

• (1640)

Did she, like the Minister of Finance, say our fiscal house is in order, please vote for us, we're great? Now they are talking about spending money. They have not even heard the question yet. What are the needs? Where do we have to spend the money? Instead, they are in advance saying they going to spend 50 percent of the surplus.

During this Liberal government we went into debt another \$100 billion in the last term of Parliament. If that does not stop then Canadians are doomed. I want this member's response to that and I want that to be a responsible response.

Ms. Susan Whelan: Mr. Speaker, I appreciate the hon. member's question. As he knows, we are not borrowing any money right now to meet our budgetary requirements. In fact, we will balance the budget no later than the fiscal year 1998-99. We stated that when the books are balanced and when we find ourselves in a budgetary surplus then we will split whatever budgetary surplus is there 50:50 within our fiscal framework.

I will tell members what I told my constituents and those people who voted in the 1997 campaign in my riding. I told them that this is the first government in 30 years to be able to say we will balance the books, and this government will maintain our fiscal track record. At the same time, this government is compassionate and recognizes that there are social and economic priorities far beyond tax reductions. We will ensure that all Canadians are treated fairly, and I will stand on that record.

I am sorry the member for Elk Island does not recognize there are social and economic priorities and not just tax reductions.

[*Translation*]

Mr. Gilles-A. Perron (Saint-Eustache—Sainte-Thérèse, BQ): Madam Speaker, I wish to advise you that I will be sharing my time with my worthy colleague from Joliette.

I am pleased to be here today, Madam Speaker, and to wish you good luck. I congratulate you on your appointment to your new position.

I would like to say how proud I am to be the first sovereignist member elected in the new riding of Saint-Eustache—Sainte-Thérèse.

I would also like to take the opportunity to thank all the voters in my riding who enabled me to be in this House. I would especially

like to pay tribute to my family and to the hundred or so volunteers who worked so hard throughout the campaign. Without their support, the results might have been different. I firmly intend to vigorously defend their interests and those of the people of Quebec, whatever their religion, their language, their culture or their country of origin.

I come now to the motion before us. Like all my colleagues in the Bloc Québécois, I must say I support the government's objective of eliminating the federal deficit by the year 2000. However, I disagree totally with its means to this end.

Fifty-four per cent of the cuts were to provincial transfers. In the end, thousands of people paid the bill, and the provinces bore the political pressure. And with this money it has saved on the backs of the provinces, the federal government is now going to finance new initiatives in areas of provincial jurisdiction, such as literacy, university and hospital research infrastructures, etc.

Our friends across the way have got it all worked out to fool the public. I am not making this up. The current President of the Treasury Board gave it away when he told *Le Soleil* on March 8, 1996, and I quote: "When Bouchard has to make cuts, we in Ottawa will be able to show that we have the means to preserve the future of our social programs". This is nothing but demagoguery, the kind of deceit that hurts the most disadvantaged and the workers who foot the bill.

• (1645)

This is how we, the Quebec people, have been forced in recent years to help lower the federal deficit, to the tune of 72 cents on every dollar contributed.

It is all so much trickery, like using the five billion dollars—five billion, that is 5,000 million dollars—from the employment insurance fund to reduce the federal deficit. Not only has the federal government failed to create the jobs it promised in its red book, but it has used the unemployed to reduce its deficit.

In addition, by changing the eligibility requirements for employment insurance, the federal government is forcing unfortunate unemployed workers onto welfare, with no regard for how terribly traumatizing this can be.

As for the increase in tax revenues, where does the money come from? Certainly not from the wealthy taxpayers who take advantage of tax havens, but rather from the middle class, whose tax burden is getting heavier and heavier.

The Liberal approach to putting our fiscal house in order is totally unacceptable. Year after year, the squandering of billions and billions of dollars by the federal administration is denounced in the auditor general's reports.

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Yet, during the election campaign, the Liberals promised they would root out waste. Did they deliver on their promise with our dear heritage minister's one million flags and the television propaganda from all government departments? I wonder how much it has cost the government to tell Quebecers: "We love you. We love you".

Four years later, the people of Quebec and Canada as well as the auditor general are still waiting for this shameful waste to stop. But the Minister of Finance is skirting the issue because he obviously does not want to cut in that area as he does without hesitation in social transfers to the provinces.

It is not as if he did not know what the people want. I sent him a copy of the August 26, 1997 resolution the City of Saint-Eustache sent to the Prime Minister of Canada, informing him of its opposition to the federal government's cutting transfers to the provinces without reducing taxes by the same amount. This resolution comes from the City of Saint-Eustache.

Departmental spending was cut by 9 percent even though, in his 1995 budget, the Minister of Finance had promised to cut it by 19 percent. More empty promises!

The Liberals are incapable of honouring their commitments, and I still wonder just what gives the Minister of Finance cause to boast? Next year's budget surpluses will be attributable to the efforts of Quebecers and the provinces. It is therefore his duty to distribute them equitably.

Given what I have just said about the government's mismanagement, my party and myself consider his announced 50/50 policy to be a crock. Investing 50 percent of the surpluses in social programs and using the other 50 percent to reduce the debt and taxes is unacceptable.

Under this formula, the federal government is perfectly free to spend the surpluses in areas of provincial jurisdiction.

We have examples already, with the announcement by the Prime Minister of a \$1 billion merit scholarship fund. We must not be fooled. This \$1 billion was taken from cuts in transfer payments for higher education.

Here is what the taxpayers want. And this is what the government must do: first, return \$5 billion to the provinces; second, stop borrowing wholesale from the employment insurance fund; third, lower the rate of contributions to the employment insurance fund; fourth, increase the benefits that were drastically reduced in 1997 under the new employment insurance plan; and fifth, stop all intrusion into areas of provincial jurisdiction.

• (1650)

For these five reasons, no doubt different from those of the Reform Party, I will nevertheless vote in favour of their motion.

[English]

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Madam Speaker, there were a number of things in the hon. member's discourse that were inaccurate.

He talked about the fact that the Liberals have not been able to do much about unemployment. Indeed, we are not at a level we would like. However, in 1993 when I was elected a member of Parliament, the national unemployment rate was 12 percent. It is now stands at 9 percent and in my riding is at 7 percent.

It is important for the hon. member to understand that we all have to do our bit to help the unemployment rate and help the country. The Bloc should understand that Quebec is a part of Canada and that it is important for it to acknowledge the benefits it gets by being a part of Canada.

The member spoke about cuts in government. However, he did not talk about additional spending in retraining programs by the federal government which Quebec enjoys, in literacy, internship and mentorship and student programs.

I am sorry that the hon. member from Quebec does not acknowledge that Quebec enjoys the money sent to it.

It is important to also acknowledge the helping hand the Saguenay region received during the flood. Who helped? It was the defence department and the Canadian government. It is important for the member to acknowledge that to all of his electors.

About two weeks ago one of my staff members, who unfortunately is no longer with me, went to Montreal and had the opportunity to see many buildings and homes which had been vacated because, she was told, people are leaving Quebec because of the instability the Bloc is creating with the scare of wanting to leave Canada.

I would ask the member to acknowledge that the federal government did help during the time of the flood. The government did a very important constructive thing.

[Translation]

Mr. Gilles-A. Perron: Madam Speaker, I think my friend opposite should come and visit Quebec.

For starters, just recently Intrawest invested \$500 million in Mont-Tremblant. The member across the way thinks she is living in some dream world with unemployment in her riding at 7 per cent. In Saint-Eustache—Sainte-Thérèse, the rate is 14 per cent. In Matane, it is over 22 per cent.

We invest \$34 billion in Canada so we are entitled to some compensation. Canada gave us some of that money back when Chicoutimi was struck by disaster last year.

• (1655)

The Acting Speaker (Mrs. Thibeault): The member for Richmond—Arthabaska has the floor.

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Mr. René Laurin: Madam Speaker, are we having questions and comments, or resuming debate?

The Acting Speaker (Mrs. Thibeault): Questions and comments.

Mr. André Bachand (Richmond—Arthabaska, PC): Madam Speaker, I will keep it brief.

If I understood correctly, our friends in the Bloc Québécois are going to vote in favour of the Reform Party's motion. I do not know if opposites attract or what, but I have a question for the member.

If, in fact, the Bloc Québécois agrees on a 50/50 share of the anticipated surplus, I would remind the member that there will be no surplus available before the end of the next term of office in four years' time, barring an earlier election.

Mr. Gilles-A. Perron: Madam Speaker, we simply do not agree with the government and it has nothing to do with the 50:50 ratio. It is simply a matter of redistributing surplus money equitably, as it should be.

Mr. René Laurin (Joliette, BQ): Madam Speaker, there is something surprising in this debate and in the Speech from the Throne presented by this government.

In its throne speech, the government makes a commitment: it is as if it was wondering just how it could keep on doing exactly the same thing it has been doing for the past 27 years while appearing to be doing something new. In other words, to keep on spending taxpayers' dollars to make them happy, gain votes, gain popularity or score political points at the expense of the provinces.

With budget surpluses within reach, the Liberal government is wondering if it could not carry on pleasing people, without their noticing what is going on.

It takes a profoundly irresponsible government to forget, as the Liberal government is doing, that, while the deficit could apparently be reduced to zero by the year 2000, this government, this country is still \$600 billion in debt. A zero deficit does not mean Canada's debt burden has been made any lighter.

Since this government took office in 1993, the Canadian debt has grown by an additional \$75 billion. It is one thing to say I now have enough money in my pocket to buy groceries, but I will have to use some of the money I will save to reduce the debt I accumulated over 30 years.

But right now, the Liberal government seems to be favouring a formula that would once again shift the responsibility onto the provinces, which would be left with the dirty job of making cuts in health, education and social programs because the federal government has apparently decided to use funds earmarked for the provinces to repay its debts.

If it wants to reduce taxes, ensure that social programs benefit taxpayers to a greater extent and see the taxpayers' debt at every level of government go down, all the federal government has to do is give back to the provinces the money it took away from them.

• (1700)

Let the government give back to the provinces the \$4.5 billion in transfer payments it cut, and the provinces can then maintain their social programs. They can also then cut taxes.

But no. This is not what the federal government wants, because it wants the glory of being the one to give taxpayers the most. It wants to give the provinces the thankless job of making the cuts, and once they are suitably hated and detested by taxpayers, the federal government will ride in as the saviour and say to these taxpayers "The federal government, the best and strongest government, can now give you what the province denied you or deprived you of". That is what is hateful about the situation.

This business started years ago. We need to look back at our history. When the federal government asked the provinces during the first world war for the loan of their power to tax directly, the provinces agreed to come to the aid of the nation at risk, to protect its future. However, the federal government hung on to this power, refusing to give it back to the provinces. The first theft, this country's greatest theft, started then, when it took over the power of taxation from the province, supposedly on a temporary basis, and never gave it back.

This is the power the federal government is now using against the provinces, selling its bill of goods about a strong government in Ottawa and a subservient one in the provinces. No wonder Quebec is now thinking of sovereignty, of autonomy. It is tired of having to play the heavy, the one to make the cuts to the taxpayer, while the federal government, because of the taxation power the provinces have given it to collect taxes in its stead, has equipped itself with a tool for making the provinces subservient.

The transfer payments, which should have been used to share the wealth and rebalance the means of meeting the needs of the population, are being used far more by the federal government at this time to make the provinces subservient to its centralizing domination.

The provinces, Quebec in particular, are tired of this situation. The government of Quebec wants to be able to tell its taxpayers that it is able to meet the needs of social programs, education, health, which are its responsibility, provided it has the taxes we are paying for that, and not just a portion of them with which it can meet some health needs, while the rest of the taxes go to the federal government so that it can say that it will also meet another part of health needs then leave it to the taxpayer to judge which of the two governments is doing a better job of fulfilling those responsibilities.