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OFFICIAL REPORT
(HANSARD)

Thursday, November 1, 2001

—
Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, November 1, 2001

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

SUPPLEMENTARY ESTIMATES (A), 2001-2002

Her Excellency the Governor General transmits to the House of Commons the Supplementary Estimates (A) of sums required for the public service of Canada in the fiscal year ending on March 31, 2002, and, in accordance with section 54 of the Constitution Act, 1867, recommends these estimates to the House of Commons.

* * *

•(1000)

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Geoff Regan (Parliamentary Secretary to the 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.

* * *

•(1005)

MISCELLANEOUS STATUTE LAW AMENDMENT ACT, 2001

Hon. Lawrence MacAulay (for the Minister of Justice) moved for leave to introduce Bill C-40, an act to correct certain anomalies, inconsistencies and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada and to repeal certain provisions that have expired, lapsed or otherwise ceased to have effect.

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

* * *

COMMITTEES OF THE HOUSE

JUSTICE AND HUMAN RIGHTS

Hon. Andy Scott (Fredericton, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the seventh report of the Standing Committee on Justice and Human Rights pursuant to the order of reference of Wednesday, September 26, in relation to Bill C-15B, an act to amend the criminal code and the Firearms Act.

The committee requests a one week extension to December 6 to report the bill back to the House of Commons.

[*Translation*]

CANADIAN HERITAGE

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the second report of the Standing Committee on Canadian Heritage.

[*English*]

Pursuant to an order of reference dated Thursday, May 10, the committee has considered Bill C-10, an act respecting the national marine conservation areas of Canada, and agreed on Tuesday, October 30 to report it with amendments.

* * *

•(1010)

[*Translation*]

CANADA HEALTH ACT

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.) moved for leave to introduce Bill C-407, an act to amend the Canada Health Act (linguistic duality).

He said: Mr. Speaker, the bill we give first reading to this morning will add a sixth principle to the Canada Health Act so that the provinces, which administer health services, will respect linguistic duality.

Official language minorities in Canada have limited guarantees in the area of health services. The provinces must therefore show a willingness to offer health services to their minority, which is a poor guarantee, as the case of the Montfort hospital in Ontario recently revealed.

Anglophones in Quebec and francophones in the other provinces and territories are entitled to receive health care in their mother tongue, English or French, when they are at their most vulnerable, especially since the Canadian Constitution recognizes both languages as the country's official languages.

I hope we will soon have the opportunity to debate this bill in the House of Commons and then in committee.

Points of Order

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

* * *

[English]

POINTS OF ORDER

SUPPLEMENTARY ESTIMATES

Mr. John Williams (St. Albert, Canadian Alliance): Mr. Speaker, I rise on a point of order with regard to the supplementary estimates, which were tabled in the House of Commons just a few minutes ago, and vote 10 of Environment Canada and vote 10 of Natural Resources Canada.

I am rising at this time because of a reference of Marleau and Montpetit, at page 734, which states:

—members raise questions about the procedural acceptability of Estimates as early as possible so that the Chair has time to give “intelligent” consideration to these questions.

There is no doubt that the issue I am about to raise is quite serious and deserves the appropriate consideration.

Speaker Jerome also said in a ruling on December 7, 1977, at page 184 of *Debates*:

—supply ought to be confined strictly to the process for which it was intended, that is to say, for the purpose of putting forward by the government the estimate of money it needs, and then in turn voting by the House of that money to the government...legislation and legislated changes in substances are not intended to be part of supply, but rather ought to be part of the legislative process in a regular way...

Mr. Speaker, I also refer you to the remarks of Madam Speaker Sauvé on June 12, 1981 at page 10546 of *Hansard* when she said that it did not matter whether the amount spent was a large sum or simply one dollar.

As you know, Mr. Speaker, I maintain an interest in the estimates and the financial procedures of the House and I continue to be concerned that parliament has lost control of the public purse. Parliament must remain supreme, and when the government undertakes actions that I will now explain, it causes me a great deal of concern.

I also want to refer you to a motion tabled in the other place on June 14, 2001 at page 1192 of the *Debates* of the Senate of which I am sure you are no doubt aware. It states:

The actions of the Government of Canada in creating a private sector corporation as a stand-in for the Foundation now proposed in Bill C-4, and the depositing of \$100 million of taxpayer's money with that corporation, without the prior approval of Parliament, is an affront to the members of both Houses of Parliament.

The Committee requests that the Speaker of the Senate notify the Speaker of the House of Commons of the dismay and concern of the Senate with this circumvention of parliamentary process

The Auditor General of Canada has expressed serious concerns with the events surrounding a \$100 million grant to the Canada Foundation for Sustainable Development Technology of which \$50 million has actually been paid out. These concerns were contained in her observations on page 1.34 to 1.38 of the Public Accounts of Canada for 2000-01, which were tabled in the House on September 27.

In March 2001 a not for profit corporation named the Foundation for Sustainable Development Technology in Canada was established

by four Canadian citizens under part 2 of the Canada Corporations Act. Later the same month a funding agreement was signed between the Government of Canada and this corporation.

On March 22, the treasury board approved a temporary transfer of \$25 million to vote 10 of Environment Canada and \$25 million to vote 10 of Natural Resources Canada. The funds were to come from the government contingency vote, which is vote 5 under the treasury board's vote 5.

On April 5 the treasury board advised Environment Canada and Natural Resources Canada that they each had the authority to transfer \$25 million to vote 10 from the treasury board's vote 5. On April 9, \$25 million was paid to the corporation and charged to Natural Resources Canada vote 10. On April 11, \$25 million was paid to the corporation and charged Environment Canada vote 10.

While the Appropriation Act No. 2, Bill C-29, received royal assent on June 14 providing Environment Canada for 2001-02 spending authority for vote 10 in the amount of \$2.85 million for the grants listed in the estimates and Bill C-29 provided Natural Resources Canada with 2001-02 spending authority in the amount of \$0.6 million for the grants listed in the estimates, these amounts did not include the two amounts of \$25 million each since they were transferred from vote 5.

● (1015)

Today the President of the Treasury Board has tabled supplementary estimates which provide supplementary spending authority of \$50 million to vote 10 for each of Environment Canada and Natural Resources Canada. The full amount for the foundation, I believe, is listed separately in the grants section of these two departments. When the bill receives royal assent, I expect that treasury board vote 5 will be replenished for the \$25 million advanced to the two departmental votes in April 2001. I also understand that \$25 million is expected to be paid by each of Natural Resources Canada and Environment Canada in January 2002 and charged to their respective vote 10.

Essentially, the government is appropriating money in one fiscal year, placing it into a separate account and spending it in future years. This is unacceptable. I refer you, Mr. Speaker, to Marleau and Montpetit at page 741 which says:

The Chair has cautioned that an Appropriation Act gives authority only for a single year and is therefore not appropriate for expenditure which is meant to continue for a longer period, or indefinitely.

That is what we have here. A foundation has been created with money appropriated by parliament which is meant to continue indefinitely.

The auditor general states in her observation at page 1.37 of the Public Accounts of Canada for 2000-01:

However, I question whether it was appropriate for the Government to use a general contingency vote to provide \$50 million in temporary authority so the departments could make the grant payments to the Corporation, all before Bill C-4 received royal assent

Points of Order

Bill C-4 was given first reading in the House on February 2, 2001. The bill proposed the creation of the Canada Foundation for Sustainable Development Technology and proposed that any corporation proposed under part II of the Canada Corporations Act continue as the foundation.

Bill C-4 did not receive royal assent as the Canada Foundation for Sustainable Development Act until June 14. Prior to the House voting on supply, with specific funds for the corporation, which subsequently became a foundation, the government and the corporation signed a funding agreement on March 26. The government then transferred \$25 million to the corporation on April 9 and \$25 million on April 11, yet the request for supply has just been tabled in the House today, November 1, which is almost nine months later.

Members of the House as far back as 1971 have repeatedly objected to the government's use of estimates and appropriation acts as vehicles to spend money on programs that have not received legislative authority. Your predecessors, Mr. Speaker, have struck votes from the estimates several times: March 10, 1971; March 22, 1977; December 7, 1977; March 25, 1981; June 12, 1981; June 21, 1981; March 21, 1983; and March 21, 1984.

I refer you to the ruling of Mr. Speaker Jerome on March 22, 1977 at page 4221 of the *Debates* which states:

—the government receives from parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by parliament of an appropriation act.

The auditor general continues in her observation to state on page 1.37 of the Public Accounts of Canada:

I also question Government statements that the Corporation had to be established and the funds transferred to it quickly or the spending...would lapse. Parliament had not granted any spending authority for 2000-2001; therefore, there was no spending authority to lapse.

This is a typical way in which this government appropriates and spends money without parliamentary approval. Let us not forget that parliament is supreme. The Prime Minister and his cabinet have no authority to spend the tax dollars of Canadians without prior approval of the House.

● (1020)

Standing Order 80(1) of the House is clear: It states:

All aids and supplies granted to the Sovereign by the Parliament of Canada are the sole gift of the House of Commons,...

That is the reason why the Magna Carta was signed away back in 1215, to remove the arbitrary power of the monarch and to replace it with the representatives of the people, who either approve or reject the government's spending proposal. As the saying goes, no taxation without representation.

The auditor general states in her opinion that it is likely parliament will approve the supplementary estimates, but that is no reason or excuse for the government to assume that the House will respond to its beck and call. If we are to be a rubber stamp where whatever the government proposes, it assumes we will approve, and whenever the government acts without our authority it assumes it will get it, then we might as well all go home.

I have stood in the House before and said that you have the title of Speaker because you speak for all of us. If this place matters to anyone, then in my opinion you must rule these votes out of order.

I concur with the auditor general who stated:

Finally, should Parliament not approve the Supplementary Estimates and thereby not give retroactive approval of the spending authority for the \$50 million already paid to the Corporation, my reading of Vote 10 for both Environment Canada and Natural Resources Canada leads me to conclude that these two \$25 million payments could not be charged to that Vote. This is because the grants to the Corporation do not fit within any of the classes of grants currently described in the Estimates of those departments.

Again, I draw your attention, Mr. Speaker, to the auditor general's conclusion that there has been no authority granted by parliament for this expenditure, which already has taken place.

If the House does not approve the supplementary estimates, the government would be required to obtain the return of the \$50 million from the corporation, since no money may be paid out of the consolidated revenue fund without the authority of parliament. Yet the government is bound by its funding agreement with the corporation, and any action to recover funds would put the government in breach of the agreement. Quite simply, parliament has lost control of the public purse and \$50 million of taxpayer money. Fifty million dollars is now outside the scope of the Financial Administration Act. This is completely unacceptable.

The auditor general concludes with strong language. She says:

I certainly hope that in the rest of my tenure...I will not see another such series of events carried out to achieve a desired accounting result.

I would also point out that the auditor general who was appointed this spring has almost 10 years left in her mandate. I am glad to see that the auditor general, an officer of parliament, is standing up for due process and proper control of the public purse in the country.

It is clear that the government has used smoke and mirrors to achieve its goal. In anticipation that the House would approve Bill C-4, it set up a private corporation with four shareholders, thinking that it could subsequently legitimize the foundation by having Bill C-4 approved and that this corporation, under the Canada Corporations Act, would be swallowed up by the foundation created under Bill C-4.

The government could not wait for parliament to speak and approve the legislation. It could not wait for parliament to speak and vote supply. Its arrogant, presumptuous attitude says that it will take this place for granted and whatever it wants, the members will do.

I ask you today, Mr. Speaker, to speak on behalf of all parliamentarians and state clearly and unequivocally that this place matters and that before the Government of Canada spends the money, we approve the request in the House.

Therefore I am asking that you rule both vote 10 of Environment Canada and vote 10 of Natural Resources Canada out of order and demonstrate once and for all that parliament is the guardian of the public purse.

Points of Order

●(1025)

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I intend to speak only briefly on this because virtually the identical issue was raised in parliament some months ago by the member, almost word for word. I wonder whether this is developing into a tradition, almost, that every time estimates or supplementary estimates are tabled the same point is ruled on. The Speaker has ruled on this before and I am almost tempted to say see my previous speech and see the Speaker's ruling last time. That would about end the contribution there.

However I would like to take a moment to talk about the estimates process to indicate certainly the goodwill of the government in this regard. First, in regard to the integrity of the entire process, it is this government that has initiated pre budget committee contributions of members. As a matter of fact, the prebudget debate in the House will be held in the House today. What a day on which to talk about parliament being emasculated or whatever the words were that were used by the hon. member. They were words which I certainly do not agree with.

Also as further evidence of the commitment of all of us to have parliament in the loop, as it were, we have modified the standing orders under the modernization committee and its report, the result of which is that a number of estimates, where the opposition is dissatisfied, will now be discussed right on the floor of the House of Commons. These are all initiatives supported by the entire House, mind you, but initiated by the government in an attempt to make the estimate process more transparent.

Finally, the hon. member is referring to what he says are expenditures that are done without statutory authority and he buttresses his argument on the following quotation at page 735 of Marleau and Montpetit, which refers to a decision made by a previous Speaker:

—supply ought to be confined strictly to the process for which it was intended; that is to say, for the purpose of putting forward by the government the estimate of money it needs, and then in turn voting by the House of that money to the government...legislation and legislated changes in substance are not intended to be part of supply—

Having previously said that there was no legislation that existed for the scenario he had described, the hon. member only a few seconds later admitted that in fact the corporation was done pursuant to an act of parliament, namely the Canada Corporations Act. There appears to be a contradiction at least in that regard.

I will end my comments with that, because as I say I think it is quite clear that the Speaker has ruled on a virtually identical proposition in the past. If my memory serves me right, and I believe it does, he ruled that the standing orders of the House had not been breached.

●(1030)

The Speaker: The Chair will certainly take the matter under advisement. I do not recall the argument being made before this Speaker, but it is possible that it has happened and my mind has perhaps allowed it to escape.

I will look into the matter and get back to the House in due course, looking diligently for the precedent referred to by the hon. government House leader of course.

I thank both hon. members for their intervention.

* * *

COMMITTEES OF THE HOUSE

AGRICULTURE AND AGRI-FOOD

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, I move that the second report of the Standing Committee on Agriculture and Agri-Food, a report concerning the future role of government in the grains and oilseeds sector, presented to the House on Tuesday, June 12, be concurred in. The member for Athabasca in Alberta, who seconds the motion, also has a real concern about agriculture issues in the House.

The interim report that the standing committee on agriculture put forward was based on the presentations of a number of farm groups and farmers, which set out the point that the safety net programs in place for agriculture at the present time in many of the provinces are not sufficient to take care of the financial problems and the other issues in agriculture that demand and need attention.

We have just heard a debate on a point of order in regard to the authority of parliament to maintain control of spending so that the Prime Minister and the cabinet do not just run off and spend money without the authority of parliament. In regard to agriculture, parliament should also maintain and be involved in this issue over and above what the minister of agriculture and the cabinet feel and deem to be the appropriate actions in regard to safety nets and what they deem to be the appropriate vision of agriculture for the future.

The last position of the minister of agriculture was simply that he would like to wait and see at some point down the road how the safety net programs are working. Then, if he sees that they are not working that well, he would try to take some action or go to cabinet to see if something can be done. That clearly is not sufficient.

In our report from the agriculture committee, just to re-emphasize to the members in the House how important agriculture is to the Canadian economy, we state things very clearly, and when I say we I am talking for all members of the committee on all sides, both government and opposition members, because we put this report through with full agreement. One sentence in that report states:

It is worth noting that the agri-food sector generates \$130 billion per year and employs 1.8 million people.

We put that in the report because we wanted to emphasize to the House the importance of agriculture and to put forward to the minister the fact that his vision of the future of agriculture did not seem to be working for those farm families producing the food and in essence really struggling to make a go of it, particularly in the grain and oilseeds sector.

The report also refers to the fact that the farm income safety net has improved in recent years and is helping grain producers in Canada, but the slump in the grain and oilseeds industry seems to require more than one solution. With this in mind, the standing committee held hearings on the future role of the government in the grain and oilseeds sector.

Points of Order

That is the situation we are in right now. It has been exacerbated by the massive drought in Alberta and Saskatchewan in particular and by the extremely dry conditions that stretched from Prince Edward Island, where potatoes of course are one of the main crops, through to the other maritime provinces and Quebec and Ontario and also to British Columbia.

● (1035)

We need to continue to address agriculture in these times of security issues. The House has to spend the majority of its time on the war against terrorism but we cannot forget that we need to bring forward these other issues that are tremendously important to the average Canadian, to the average farmer and the average farmer's spouse and children who have to make a living in this country and who, by doing so, contribute significantly to the well-being of all Canadians. As we all know, food is number one after security.

I believe that to this point the minister of agriculture and the cabinet have not adequately addressed not only the drought issue but the issue of the safety nets. Farmers in every province are telling the minister that the safety nets do not work. They need improvement. Farmers see little or no action from the cabinet and the agriculture minister in making those improvements. Many suggestions have come forward and I will deal with a few of them in my speech.

I mentioned the impact of the drought. The grain and oilseeds sector, primarily based in Ontario, Manitoba, Saskatchewan and Alberta, has been impacted most by this drought situation. The safety net programs were not working for the grain and oilseeds sector before the drought and now we have the drought on top of that.

The minister already knows that the safety net programs are not working and that the time for action is now as opposed to waiting until Christmas or 2002 or 2003 before any action is taken in that regard.

The impact of the drought is of course particularly hard on the cattle producers of western Canada. The pastures have run out of grazing material for livestock. Ranchers have had to bring their cattle back from pasture early and are buying feed at very high prices, at \$100 a tonne. That is a very high price for hay and that is what farmers and ranchers are paying now to keep their livestock alive.

With regard to the grain and oilseeds impacts, a Statistics Canada survey of 5,900 Saskatchewan farmers suggests that spring wheat production will fall by over 20% from last year. I think that figure is being revised all the time to show that it will be even worse. Canola production will be down over 38%. Durum wheat will fall by 49%. A lot of these crops are the very crops that are exported outside the country. They earn foreign hard currency which is then brought back into the country and makes us all wealthier. The grain and oilseeds sector is not simply circulating cash inside Canada and not creating any wealth.

The farm family in the grain and oilseeds sector that is trying to make a go of it on a zero net income or a net income of maybe \$10,000 or \$15,000 a year is creating wealth for the country and making all of us better off. I mentioned the figure of \$130 billion a year in economic activity and the large number of jobs that rely on this sector.

In Saskatchewan alone the effect of the drought is estimated to be costing over \$770 million. The province of Saskatchewan is asking for additional financing from the federal government. The Saskatchewan party is leading the charge in Saskatchewan to have the federal government shoulder its responsibility and do something that will keep the sector in Saskatchewan viable. There is serious consideration being given to the fact that many farms will go bankrupt.

● (1040)

That is not just a shallow statement. I was speaking with credit union officials in my riding. While we did not discuss individual farmers, we did discuss the overall situation on the farm. Massive numbers of farmers are having to go to their financial institutions to ask for restructuring of their lines of credit and mortgages on which they are no longer able to make payments. What they are doing is extending them over longer periods of time and trying to lower the amount of the payments.

Even the Farm Credit Corporation is having to collect back only interest in some cases and is not even trying to get the principal repayment. This is the situation in the grains and oilseeds sector in particular. That is why the standing committee on agriculture put forward this interim report to try to get attention from the minister at an earlier point than when we finish our hearings.

In regard to the hearings, the chairman of the committee came to the House and asked for moneys to be appropriated in order to travel and get input from farmers across the country.

At this point it is still quite up in the air as to whether we will get any funding to hold the hearings. The hearings are necessary to bring farm issues to the House. We need to hear evidence from presentations in the cities or on the surrounding farms and bring the evidence back to the House for the benefit of the minister and cabinet.

I can only encourage the House and all members of parliament to make it known that the agriculture committee is important enough to receive funding to do the necessary work.

In regard to what must be done, we do not always need large amounts of money put into the agriculture sector in the area of subsidies. There are many things that could be done.

I will start with a provincial issue although we do not have any authority in the House to do anything directly about it. I will point out and provide moral support to the issue of taxes on farm land, the prairies in particular because I am the most familiar with them, but also across the country where education taxes are falling on the farmland bases.

Points of Order

The individual farm family is paying an awful lot more in property taxes in regard to the education tax portion than the family living in a town or a city. That is because farmers have had to have a larger land base and there are fewer of them. This unfairness is something I hope provincial governments across the country are looking at. I hope they can find a better way to finance education by doing it more on the idea that those who are able to pay should pay. That of course has to do with net income.

I have already pointed out that many farm families have a low or negative net income. Still, the burden of these taxes are on these families and they have no choice but to pay. If they do not pay their property and education taxes their land will be seized and disposed of and they will be totally out of business.

We must improve our existing safety net programs to ensure they meet the needs of farmers. Here are some examples of the needed changes.

The crop insurance program needs to be improved to ensure it covers all the costs producers incur in seeding their crops. Regulations surrounding natural disasters must be amended to ensure farmers can receive compensation for inputs lost due to natural disasters.

● (1045)

We saw what happened in southwest Manitoba and southeast Saskatchewan a couple of years ago when the massive rains came throughout the spring. The farmers were not able to seed any crops. They lost all the inputs they had put into getting ready to produce a crop that year. They received no compensation whatsoever under the natural disaster provisions of the federal government because their losses were not considered to be infrastructure. However they were every bit as costly as if a building had been torn down by a flood.

If a better system had been in place farmers in southeast Saskatchewan and southwest Manitoba would have received disaster assistance for their flooded farmland back in 1998.

The net income stabilization account must be made more accessible to farmers in need. For example, instead of requiring the government's contribution to be brought out when farmers first access NISA, why can they not take out the portion they contributed and already paid taxes on? The money is theirs. Farmers could take it back out and leave in the government portion that is taxable.

People may ask why that would matter if a farmer is not making any net income on the farm. Individual farmers are subsidizing their farms by working off farm. Many farmers and/or their spouses work off farm and use the money to support the farm. They therefore have a taxable income although the farm portion is in a loss position. That is one change that could be made.

In regard to NISA, the minister has been well aware for some time that the expenses farmers pay for grain handling and transportation costs, which they pay from the farm gate right to the export point, are not eligible expenses for the calculation of NISA contributions.

This is a thing the government could change. Up to this point the government has been arguing that it cannot allow those expenses because the farmer is not the shipper and the wheat board is not the

shipper. That was cleared up in the last agreement among the wheat board, the grain companies and the railways. They agreed that the wheat board is the shipper of grains and that as a result there should be no impediment whatsoever to having these as an allowable expense under the NISA program. There needs to be a modernization of the grain handling and transportation system.

Representatives of the wheat board appeared before the committee today and we were discussing the issue of GM crops and how to produce them. GM crops have tremendous potential to be a boon to humanity and mankind. The question of how we modernize the systems of grain handling and production is being resisted by groups like Greenpeace and other NGOs that feel progress should literally be stopped in regard to GM crops.

As I have said, wheat board representatives are here talking about these issues and trying to find solutions. I give them all the credit in the world for that. However the government and the Minister of Transport sit there and continue to rely on big regulation and big government instead of having a modern transportation system. We know from past experience when the government owned CN Rail that big government regulation does not work.

It is time the agriculture minister, the transport minister, the minister responsible for the wheat board and the entire cabinet get their acts together and put agriculture in the priorities of the government where it should be.

● (1050)

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I move:

That the debate be now adjourned.

[*Translation*]

The Acting Speaker (Mr. Bélair): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Bélair): All those in favour of the motion will please say yea.

Some hon. members: Yea.

Some hon. members: On division.

(Motion agreed to)

* * *

[English]

PETITIONS

KIDNEY DISEASE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I am pleased to rise to present three petitions signed by hundreds of people in the Peterborough area who are concerned about kidney disease as a huge and growing problem in Canada.

The petition is a very practical one. The petitioners admire the work being done by Canada's national institute that is responsible for kidney research, the Institute of Nutrition, Metabolism and Diabetes. It supports research in relation to diet, digestion, excretion, metabolism, and a wide range of conditions associated with hormone, digestive system, kidney and liver function.

Members will have noticed that the name of the institute does not include the word kidney. My constituents believe the institute would be even more effective than it is with respect to kidney disease if the word kidney were mentioned in the name.

Therefore the constituents of Peterborough call upon parliament to encourage the Canadian Institutes of Health Research, which was set up to involve the public in health research, to explicitly include kidney research as one of the institutes in its system, to be named the institute of kidney and urinary tract diseases.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

[Translation]

REQUEST FOR EMERGENCY DEBATE

SOFTWOOD LUMBER INDUSTRY

The Speaker: I have received a notice of motion pursuant to Standing Order 52 from the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques. The hon. member has the floor.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, we know that yesterday the softwood lumber industry in Quebec and in Canada sustained a terrible blow.

Many jobs are at stake. In my view, there is no rhyme or reason to the anti-dumping duties imposed by the Americans. They have nothing to do with economic reality and require that parliament reaffirm its desire for genuine free trade.

Government Orders

Members need to be able to make their views known, and affected workers must also be able to count on an EI system and the necessary benefits so that they can maintain their solidarity in defending our position until the return to free trade, which we all desire in the wake of the rulings of international bodies involved in the matter.

SPEAKER'S RULING

The Speaker: The Chair has considered the request of the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques. In the opinion of the Chair, the topic suggested for debate is an urgent one. There will therefore be a debate on the matter raised by the hon. member today in the House this evening at 8.00 p.m., after the House adjourns.

I wish to amend that. Pursuant to changes in the standing orders, the debate will begin after the House adjourns, around 6.30 p.m. I hope that all will go well this evening.

GOVERNMENT ORDERS

• (1055)

[Translation]

PREBUDGET CONSULTATION

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.) moved:

That this House take note of ongoing prebudget consultations.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I am not generally reluctant to offer my opinion on budgetary matters but today is different.

As Parliamentary Secretary to the Minister of Finance, my role is to listen, to sit here in the House and take note of the ideas hon. members have on the budget.

[English]

As members know, it has been a tradition for some years to have a prebudget take note debate. Traditionally it has been in the last couple of weeks of December but it is fairly evident that we would not want the take note debate to occur after the budget. Since the budget this year will be in December we are having the debate today.

While I do not want to give my own opinions, it might be useful to provide a bit of economic context for the setting in which we find ourselves and perhaps describe possible options without indicating which of those options the government or I prefer.

[Translation]

It is now clear, I believe, that the world economy, and the U.S. economy in particular, was experiencing a major downturn even before September 11 because consumer confidence had dropped significantly in the United States the week before that.

Government Orders

[English]

If the world were in the midst of a slowdown prior to September 11, it is obvious that the tragic events of that day made things worse. For the first time in some years we find ourselves in a synchronized global economic slowdown. Just about every region of the world is in the midst of that slowdown including Europe and Japan, which has been in trouble for a decade or more. South America, particularly Argentina, has problems. North America is slowing down. The only place that is not slowing down is that of China, but it is not a particularly large fraction of the world.

It is of some consolation that Canada is slowing down at a slower rate than our neighbours to the south. That may be in part because of the tax cuts brought in by the government in early January.

Canada is holding up better than the U.S. at this time. However we do not have a wall around our country. We are part of the North American and global economy, and there is absolutely no doubt that all of us are slowing down.

It is also true the majority of economists are making the argument that the Canadian and global economy will pick up in the second half of next year. They base their argument on sound fundamentals and a considerable fiscal stimulus. I believe this is the most likely case.

The events of September 11 are without precedent. Nobody can be certain that this recovery will occur. It is the best information we have based on what the majority of experts tell us. Life changes from day to day and from week to week. Everyone in the House would agree that we are living in extraordinarily uncertain times.

[Translation]

Now, I would like to touch briefly upon certain options. The government is prepared to listen to any ideas from hon. members, but I can present some options, whether they have government support or not.

The first concerns surpluses and deficits. The first question I would ask hon. members is this: are you really very serious, or not, about the necessity of our not getting back into a deficit situation? The government has its own ideas on this, but we would like to know what members of all political parties think about the degree of importance to be attached to not going back to the deficit situation of the past.

• (1100)

[English]

I have mentioned the deficit, I will now speak about taxation. There are those who would like to delay some of the tax cuts to which the government has committed itself. There are those who would like to accelerate them. There are those in the middle who would like to carry through on them but neither accelerate nor delay them.

It would be interesting to hear what members of parliament including those in the Canadian Alliance have to say on the issue of taxation.

[Translation]

Finally, there is the matter of expenditures. These can, I think, be classified into two groups: those related to security, and the rest.

It seems that by far the majority of Canadians, myself included—here, I am expressing an opinion—set expenditures relating to security as a very high priority for at least two reasons. First, and most important, is the protection of Canadians' lives and security, and second is convincing the Americans that we are serious and do not represent a security risk.

As everyone is aware, it is absolutely crucial from the economic point of view for goods and individuals to be able to cross the Canada-U.S. border.

[English]

We have the security related expenditures that one can look at as a group. Then we have everything else, all manner of possible projects. It would be useful for the government to hear the opinions of members on all sorts of initiatives that are on the agenda including innovation, learning, children, urban affairs, major environmental concerns, increased foreign aid to less developed countries and initiatives related to the poor living conditions of our aboriginal population. This is not meant to be an exhaustive list but those are some of the possible areas of new expenditure initiatives.

I do not want to give my opinion. At the same time I do not want to indicate that the government has no opinion. I will mention two points that the Minister of Finance made explicitly. He said he would work like hell to avoid returning to a deficit. He also said he would honour the tax cut commitment. Members of the House may have different points of view. If so, we look forward to hearing them.

I would like to make a point regarding adding up. It is not useful if an individual proposes that we have large increases in expenditures on whatever the case may be, have large additional tax cuts and keep a balanced budget. The government's point of view is that it is more useful if the proposals add up. We cannot have big spending increases, big tax cuts and maintain a balanced budget.

I look forward to listening to the opinions of members. I will be taking notes, consulting the written version of the debate and reporting back to the minister on the sentiments of members of parliament.

• (1105)

Mr. Stockwell Day (Okanagan—Coquihalla, Canadian Alliance): Mr. Speaker, I am pleased to participate in this take note debate on the upcoming budget. It is our sincere regret that it has taken the government nearly two years, over 650 days, to prepare a full accounting of the nation's finances.

It is unheard of in any free nation today that the government would go almost two years without tabling a budget. There is no premier in Canada or mayor of any city who could get away with such a high degree of unaccountability.

I congratulate the federal Liberal spinmeisters on deflecting media attention away from this glaring record, perhaps the greatest record of the last century in terms of length of time without accountability. This is not a laughing matter. It has been one of the many reasons for the lack of confidence in the Canadian economy.

[Translation]

Two years without a budget is far too long.

Government Orders

[English]

The finance minister has totally dismissed our concerns about the economy for months. We talked about the economy slowing down, the out of control spending of the government and how we were heading toward a deficit. The lack of clear information on the government's fiscal priorities was irresponsible and disrespectful toward parliament.

They laughed at us and ignored us. It is inexcusable that it has taken the beginning of a war and the onset of a recession to cause the finance minister and the government to finally table a budget.

It has been interesting to watch so many different areas of government public policy planning over the last seven years. In virtually every area the Liberal ship of state has been adrift at sea without an anchor and compass. When the winds of adversity blow the government panics. It puts up the sails and inevitably runs aground on some rocky reef of poor public policy planning. That is inexcusable.

It has been a decade of being adrift. It is not only in the area of not having a budget or fiscal priorities but also in the area of security where there has been no forward planning. There is only panic as with the anti-terrorism legislation that drifts into areas which perhaps we should not be going into.

We now have the softwood lumber problem that has thrown tens of thousands of people out of work. We warned the government about it for years. Yet it did not react. The panic sets in when those winds of adversity hit. It is inexcusable that nothing is being done and that people are run aground. We will continue to bring it to the attention of Canadians.

[Translation]

On September 11, the world changed and we have to view certain realities from a fresh perspective. It has forced us to review our priorities. We hope that the government will align its priorities with those of the people it is supposed to represent.

[English]

There are three critical areas in which the government must realign its priorities: first, the whole question of a deficit of resources for our national security concerns; second, the oncoming Liberal recession; and third, the long term decline in Canada's standard of living. Factual, calibrated and measurable, these must be addressed.

In the area of security, the first and foremost responsibility of any federal government is to defend national sovereignty and to protect the safety and security of its citizens.

That is why the Canadian Alliance, and before it the Reform Party, has consistently called for adequate resources for our police, intelligence and defence services, calls that have gone unheeded. We have done this even though we are a party that believes in smaller and less costly government in almost every other area. However we believe that freedom is not something we can take for granted. Freedom comes at a price and its price is eternal vigilance.

Regrettably, despite the blizzard of rhetoric from the Liberal government, its actions suggest that national security is in fact one of its lowest priorities. We can say all the things we want but we

measure people on their actions and the actions of the government suggest national security for its citizens is among one of its lowest priorities.

Over the last few years the government has routinely dismissed our calls for necessary spending to enhance national security and defence. We made those calls long before September 11. It continues to dismiss those calls.

Since 1993 defence spending has been cut by \$1.6 billion, a massive 23% reduction in real terms. Any time the Minister of National Defence stands up and talks about a very recent knee-jerk reaction in spending, moving up in a small incremental way, he must account for the fact that the Liberal federal government slashed our national defence by 23%. It was one of the single greatest reductions of any department. The government cut its own preferential spending by only 7%.

I get tired of hearing the Minister of Finance stand up and talk about dealing with the deficit in this country. He neglects to say that he did it by huge cuts in two areas: our national security and our national health care system. That is how he cut the deficit and did only 7% in terms of the government's own wasteful spending. Every time the minister talks about deficit reduction he should be mentioning how he did it and whose backs were affected. That is where the cuts have come.

During this time the reduction in terms of military personnel has declined from 90,000 to 58,000. The Conference of Defence Associations, which is the major scientific and advocacy group related to military needs, resources and spending, has defined in a very recent report that there is a \$1.2 billion annual deficit in terms of the needs of our military. That \$1.2 billion annual deficit is just for maintenance and ongoing operations and does not even address the ongoing needs of increased national security that we now face.

They are not alone. The auditor general has estimated between now and the year 2012 a \$30 billion funding shortfall in defence equipment just in those few years.

The government has given Canada the embarrassing distinction of giving the second smallest defence commitment to NATO. These are the hard facts. Canada's commitment of 1.0% of gross domestic product is less than half of the NATO average of 2.2%. This is not something for which we can be proud. In other words, for Canada to match just the average spending in terms of the commitment that our allies share, it would require us to nearly double our defence budget from \$10 billion to \$21 billion. There must be an increase even beyond what the defence association says, of \$1.2 billion.

Government Orders

I have addressed this subject many times. Our defence critic, the member for Lakeland, and other members of parliament in the Canadian Alliance have also detailed this enormous funding shortfall. We have made it very clear that it is impossible for Canada's military personnel, whom we personally believe are the most dedicated and the most courageous in the world and have proven that in the last century, to adequately meet all the commitments and requirements that are put upon them, which includes continental defence, treaty obligations, UN peacekeeping and now the war on terrorism.

We believe it is wrong to ask our military personnel, whom we believe are the best in the world, to defend this country, its assets and its interests at levels on which they are not able to do so. It is wrong for us to make promises we cannot keep. It is wrong for Canada to leave it to our allies, particularly the United States, to do all the heavy lifting on our behalf.

On September 11 Canada's free ride on national defence came to an end. The time has come for the government to make its lowest priority the nation's highest priority and that is the protection, safety and security of our citizens.

In analyzing what we believe will be the numbers in the budget, we have identified that it will require approximately \$2 billion from low priority areas being moved to the Department of National Defence. That is as a down payment on additional future increases to give our military the resources it needs.

Maintaining national security is an increasingly important task of our domestic intelligence and police agencies, such as CSIS and the RCMP. Since 1993, again, the government cutting its own pet projects only by 7%, has reduced the CSIS budget by 28% in real terms at a time when we need more of that intelligence activity than at any other time.

Through the years the Canadian Alliance and our members before us have been telling the government about the concerns worldwide of bandit or rogue individuals or nations and that we would require even more resources in this area, but the government cut CSIS by 28% in real terms. That is a diminishment of our national security.

Given the enormous new demands on that agency it is only reasonable that the funding should be restored at least to the 1993 levels of \$272 million. That would entail an increase of \$76 million.

The RCMP is also currently in need of more personnel. Customs and immigration also require added resources, not just personnel but for major new technology acquisitions, updated passport scanners and computers, and potentially for advance biometric screening systems. They need all of this and it must be addressed.

It is interesting to hear the government talk about its concern for national sovereignty. The coast guard has seen its fleet cut by 40%.

• (1115)

When the government talks about national security and protecting Canadian sovereignty, it thinks that means we must respond to the minister of culture and stop watching satellite systems that come from other than Liberal approved programs. It believes that is what will keep our national sovereignty in place. Well it will not.

A 40% cut to the coast guard is irresponsible and does put national sovereignty at some risk. It requires new funding to replace aging vessels, to increase the coastal patrols and to acquire satellite tracking systems for incoming ships.

Finally, the Department of Transport will have to assume some of the cost related to airport security. Some of those costs could and should be shared by users but the Department of Transport will have to be there to share some of the costs of increased security measures. Altogether, these and other security related measures are likely to cost in the neighbourhood of a billion dollars annually. I hope the finance minister is jotting these numbers down.

Let me say again that enhancing our national security and working with our American neighbours to create a secure, common perimeter is not an option for Canada. I cannot understand the Prime Minister's paranoia when he says that building a strong continental border and working with the Americans somehow puts our national sovereignty at risk. That is a ridiculous state of paranoia.

The other night millions of Canadians gathered around their Japanese made television sets, wearing their made in China, fleece lined exercise outfits, sitting on furniture made in Sweden, watching an American baseball game played by players from all over the world including Puerto Rico, drinking Coca Cola and munching Mexican tacos. Their sovereignty was not being threatened by those actions and they did not fear their sovereignty was being threatened. However our sovereignty is being threatened when we slash the military and our security forces and say we will not work in common with Americans to develop some strong policies for North America. That is simply irresponsible thinking.

It is a necessity that we work together to increase the levels of security and the levels of safety for all of our citizens. This is all a question of priorities.

My colleague, the member for Calgary Southeast, will outline several billion dollars in wasteful and low priority spending. He, other Canadian Alliance members of parliament and the auditor general have done some good work on this. This year the auditor general pointed out hundreds of millions of dollars of waste, and he called it waste. The auditor general wanted to know who was minding the store. Well the official opposition is going to mind the store because the government does not. We will take on and have been taking on that responsibility.

These areas of wasteful and low priority spending have been identified. We need to reallocate from low priorities of spending and move back to high priorities of spending on safety and security which is what Canadians want. For example, we talked about the \$2 billion immediate increase in the defence budget that is required. That is roughly equivalent to what the government spends now on corporate welfare.

The \$1 billion that we see in additional security measures is less than the industry minister plans to blow out the door on his Internet scheme.

Government Orders

We expect some intelligent prioritization to go on. When we talk about a billion dollars being blown out the door by an Internet scheme we do not expect a response from him saying that the Alliance does not care about Canadians having computers.

Canadians in the free world are among the highest users of computers and that has been done without the billion dollar plan to get higher speed chat rooms for all Canadians from the government. Canadians have moved on it aggressively themselves and they will continue to do so. Safety and security are areas of priority.

We talk about an oncoming recession. The government needs to get its priorities straight on national security but it needs to be honest with Canadians about the deteriorating state of our economy and the nation's finances. We are tired of empty accusations from the finance minister and the Prime Minister when we raise, as we have been raising for a long time, questions about the economic recession which we were in pre-September 11. We get accused of being unpatriotic. Economists, like Jeff Rubin at the CIBC, predicted over a year ago that within 18 months the dollar would be sitting at 60 cents. We hit historic lows just yesterday. Mr. Rubin had better be careful, the Liberal thought police may be coming to arrest him for being unpatriotic. The government has to become honest with Canadians about this.

Last spring we issued many well-founded warnings about a potential downturn in the economy, one which we were witnessing was taking place before our eyes. We talked about the need for the federal government to tightly control spending in order to avoid going back into a deficit. We talked about that over a year ago.

The Minister of Finance and the government dismissed our concerns and continued to whistle past the economic graveyard and go down the path of increasing our vulnerability to a bleak economic picture. The minister's budget will not be able to hide the fact that he and the government led us into a recession. A decade of economic drift, as I have already indicated, has led us into a full blown recession and all of these indicators were in place before September 11. We are getting tired of the disaster and horror of September 11 being used to cover up the government's out of control spending and poor management which was happening well before that.

The aftershocks of September 11 clearly deepened our economic trouble. That is a fact. Let there be no doubt though that Canada was headed toward a serious slowdown before that tragic day. Economic growth screeched to a halt in the second quarter of this year and it is almost certain to contract in the third and the fourth quarters, with many economists predicting that the slide could continue well into next year. We hope that will not be the case but many economists are saying that it will be.

The government should not be accusing us of being unpatriotic because we are concerned about the future and economic uncertainty of Canadians.

Employment was up before September 11. Thousands of job layoffs have taken place. The dollar hit an all time low yesterday.

• (1120)

As the Canadian dollar plummets, it is reaching out in desperation to grab on to some twig of confidence from the government but seeing none it continues to move downward.

The finance minister has allowed spending to get out of control at a time when revenues are beginning to contract. Yesterday's surplus may soon turn into tomorrow's deficit. Many economists, Dale Ore of WEFA, Don Drummond of the TD Bank and others, had predicted these planning deficits by the year 2003. The federal Liberals have been running three year projections in terms of where their spending was taking them. We analyzed the numbers and we could see that they were headed for a deficit before the three year mark. What was their response? They quit the three year planning and they put out two year projections.

If there is a projection that comes out that says we could hit a deficit in two years, maybe all they are going to do is project one year. It is irresponsible. They need to tell Canadians what we are facing. By knowing what we are facing we can prepare for it.

The Bank of Nova Scotia, for instance, is projecting an annual federal deficit of \$5 billion by next year. What will that mean? Will it mean that our next projection will be only a six month one because we want to avoid the ones that people are putting out?

If the finance minister and the Liberal government lead us back into deficit, the slowing economy will not be to blame. Out of control spending, fuelled by the undeclared Liberal leadership campaign, has put at risk the surplus that the taxpayers have paid so dearly to achieve, paid for by a reduction in spending on security, a reduction in spending on national defence and a huge reduction in spending on our health care needs.

Spending jumped last year by 7%. That was twice the level of inflation plus population. The finance minister has allowed spending to so far exceed his targets year after year and to exceed this phenomenal growth in revenues being paid by taxpayers. If spending in the current year was at the level projected by the minister in 1997, we would have had a solid surplus of approximately \$25 billion if he had kept his surplus in check rather than the \$8 billion that most forecasters are predicting.

Markets look for signs of restraint in government spending and accounting but they have not seen it from this government and have made a judgment according to the value of the Canadian dollar.

The government must get its priorities straight. On the economic and fiscal front that means keeping a balanced budget while reallocating resources from low priority, unproductive spending to areas of high priority, including areas of continuing the stimulus effect of tax reductions in very necessary areas.

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To stimulate and create jobs and create investment, the government must continue to implement the tax changes it announced last fall. It also has to proceed with other areas of taxing business and individuals in terms of high input costs, EI premiums being one alone where we have far in excess of what we need, even with the oncoming recession, in terms of the insurance fund being there. The government takes those hard-earned dollars, taxing individuals and businesses for employment insurances, and launches the money into all kinds of spending that has nothing to do with employment insurance.

The government should sit down and consider including a yearly basic exemption, as suggested by various industry groups, when it comes to EI. We must also look at eliminating or bringing down the very destructive capital tax. As recently as yesterday the finance minister pointed to capital going to the United States. Why does capital flee? It looks for quality and certainty. The government has provided neither. We have to start doing that and we can within our various systems.

These measures in the areas of input cost reductions and tax reductions can be accommodated within the existing budget. People across the way say that we should spend, spend, spend. Yes, we should spend on priorities but we should reduce on discretionary and wasteful spending.

Only if the government puts a freeze on all future discretionary spending and controls spending in the low priority areas can we do these things, but they can be done. Let us not respond in panic and fear to the accusations that they cannot be done. It is a matter of discipline. These are critical if the government is going to leverage the fiscal policy to join the Bank of Canada's efforts to fight this Liberal recession.

• (1125)

I served as a finance minister in a time when commodity and oil and gas prices were going down. Even in a down time of plummeting commodity prices and with the Asian crisis, we had the discipline and foresight to continue tax reductions to send the signal of confidence to the economy, an economy which continued to be confident because it was being stimulated; investment staying instead of fleeing. That is what has to happen here.

When the finance minister tells us there is no room for additional relief in these areas, I have to question him. Where did he find the extra \$6 billion for the ministries of industry and human resources development, those great stewards of the public purse, to spend on those pet projects? Then he says there is no room to allow Canadians to keep their hard earned money in their pockets.

Canadians know that an extra dollar left in the hands of a hard-working citizen or innovative entrepreneur will do a lot more to create jobs and wealth than a dollar in the hands of a federal Liberal politician. Canadians continue to suffer. Every time the finance minister gets up and does his arm waving he never addresses these facts.

We have the highest income taxes in the industrialized world. That is a fact. I want to see the arm waving today when he gets up and starts talking about the great things he is doing for Canadians.

The government needs to get its economic priorities straight by spending less on interventionist pet schemes that do not work and putting more on priorities for Canadians by allowing them to keep more of their hard earned money in their pockets.

The upcoming federal budget represents an enormous missed opportunity by failing to take more decisive action in all the areas I mentioned: proper spending, tax reduction and paying down debt. We will watch for the arm waving today. Any way we shake it out, even though there have been payments on the debt, and the official opposition has acknowledged those payments, they have not been what they could have been. It is another hallmark of the era of lost opportunity and the federal debt today stands higher, at \$557, billion than it was in 1993. That is the plain basic fact.

Yes, when the surplus has been splashing over in its economic bucket, the government has allowed some of that to go to the debt but not as aggressively as it should have. It has not legislated the down payment of debt.

These are the signals the market needs to see so that investment will stay here and not run southward where it will be taxed at a less punitive rate.

Canada is headed into a recession exposed by some fundamental economic weaknesses. We continue to carry one of the largest debt burdens in the industrialized world. It costs taxpayers over \$40 billion a year just to carry that debt. It costs \$100 million a day to reduce a debt that should have been reduced far more aggressively and should have had a law behind it saying that a bigger chunk of the surplus would go to its reduction.

Our dollar has lost 25% of its value against U.S. currency since 1993. We want to see Liberals stand and applaud today when the finance minister gets up to address this. We want to see how loud the applause is when he says that it is true that our dollar has lost 25% of its value since those people took office in 1993. That makes all Canadians poorer relative to our American friends.

There is a 22% gap between the Canadian and U.S. standard of living, which amounts to a difference of \$29,000 for an average family. We want to see the cheering on that today when the finance minister stands and does his usual rant. We want to see the pompoms go up in the air.

U.S. productivity has grown at a 50% faster rate than in Canada over the past decade. I want to see the finance minister go after the Chamber of Commerce for being unpatriotic because it has said the nineties will stand out as the poorest decade relative to growth since the 1930s.

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All these figures point to Canada's greatest economic challenge, to stop the slide in our standard of living and eventually, as we stop the slide and put in place the proper policies that stimulate confidence, I believe that on the race track of economic growth we can sprint ahead of the American economy. We do not have to lag behind. Every time the dollar drops and debt increases or some other economic measure hits us, the finance minister stands and says that it is the Americans.

• (1130)

Canadians can outpace them. We are a little upset that this year the Mexican peso is outpacing the Canadian dollar relative to the U.S. dollar. We congratulate President Fox. We offer no congratulations to this finance minister for allowing that to happen. We want to hear those cheers today when he stands up and addresses these factors.

We have a vision of our economy being strong and focused, a government that is disciplined and our business, our people, our hard workers literally being able to sprint past the Americans when it comes to productivity and growth. It is possible as long as we have a government that can recognize that.

The United States congress is in the process of passing an economic stimulation package that includes \$100 billion in immediate tax relief on top of the \$1.3 trillion tax cut that was passed earlier this year.

Canada cannot afford to stand still. The flight of capital and people is happening. There are 98,000 highly educated, highly skilled Canadians moving south this year alone. We have to get our economic priorities straight. That does not mean just more stimulative tax relief but tax reform that is designed to reduce and eliminate the disincentive that Canadians face right now when it comes to work, savings and investing.

The Alliance proposal is to eventually eliminate the marginal income tax rates. That would be a clear step in the right direction. The federal government should also explore ways to move Canada away from its huge overreliance on income taxes. It has to continue to look at reforming taxation, especially corporate taxation, relative to the recommendations brought forward by the Mintz commission.

If we are to close this gap in the standard of living, we must also implement some structural reforms, especially related to inefficient programs. The government took a big step backward in this regard, with Bill C-2, by rolling back its own very modest employment insurance reforms out of political fear and nothing else. Instead, we would pursue experience, rating and other reforms designed to modernize Canada's labour markets.

We should reform equalization to stop penalizing provinces that are starting to get ahead, especially those provinces having the ability to move ahead thanks to their non-renewable resources. Possibly for the first time since Confederation, Atlantic Canada has the opportunity to realize the promise of Confederation. However the federal government will continue to clawback its hard earned efforts at moving ahead. That is unacceptable.

The federal government has to drop its dogmatic approach to health care. Health care costs continue to skyrocket through the roof. The government's response has been to not restore health care to its 1995 levels. This is an economic situation as much as it is a health

care and security situation. The government must begin to allow provinces to be innovative with internal market mechanisms within the public system, if we are going to preserve our provincial economies and help them to weather the storm that was set loose upon them when the government slashed their health care transfers by almost 35%.

We have to pursue serious reform of some of our entitlement programs to ensure that they are sustainable, making sure that maximum return to those people, especially on fixed income, is achieved. There are many ways in which that can be done. This federal government refuses to look at those possibilities.

The government should exercise real leadership in terms of striking down provincial trade barriers. It has not done that. It should be pulling the provinces together in many areas where those barriers still exist and get the type of reduction in those provincial trade barriers that is necessary.

Federal regulations need to be analyzed in a way that the costs are looked at carefully as to what regulations are effective and needed and which are ineffective, outdated and unneeded. That is a huge cost to business and a drag on our economy.

Rather than taking any of these bold steps to strengthen our economy and to secure our future, the finance minister, along with the rest of the government, continues to be adrift. The government ship of state is adrift at sea, tossed about on the waves of circumstance without an anchor when needed, without a compass when needed. For every serious challenge we face, the recession, the falling loonie, our slide in productivity, the finance minister blames some external forces.

• (1135)

We can be masters of our own destiny but we have to take charge. In difficult times like these Canadians want and deserve tough decisions, not familiar excuses from their national government.

[*Translation*]

The Canadian Alliance will continue to do everything in its power to ensure that the government gets its priorities straight. These include providing adequate resources for our national security; fighting the Liberal recession, while maintaining a balanced budget; and reversing the current downward trend in our standard of living.

• (1140)

[*English*]

I move an amendment to government Motion No. 17 as follows:

That the motion be amended by adding:

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“and in particular, the need to increase spending on national defence and public security by reducing waste and spending in low and falling priority areas, such as the proposed new Industry Canada-HRDC strategy paper, preserve and accelerate scheduled tax reductions, restore confidence in the Canadian dollar, and avoid falling back into a fiscal deficit.

The Acting Speaker (Mr. Bélair): I declare the amendment receivable. Debate is on the amendment.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I would like to inform you that I will be sharing my time with my colleague, the hon. member for Drummond, and that all of the other members of the Bloc Québécois will also be sharing their time.

It is my pleasure to speak in this take note debate today regarding the budget that the Minister of Finance will be bringing down.

We would have liked to have had this debate earlier, since there have been clear signs of an economic downturn since September 11, and even earlier. This downturn has been exacerbated by the events of September 11 but it was already apparent several months beforehand.

We have been calling on the finance minister to intervene in support of the economy since October 3. He has the means, as I will explain later in my speech.

First, I would like to begin with a comment. If it can be said that anger does not help us think rationally, then the same can be said for excessive fear. When I hear the Minister of Finance say that nothing will ever be the same since September 11, obviously, security is the first priority, but there is more to it than that. By focusing on this aspect, the government is putting off other decisions that a responsible government must take.

Let me say from the outset that I accuse the Minister of Finance of contributing to the economic slowdown through his statements, his pessimism and his inaction. When he says that we did not have surpluses during the current fiscal year and that he cannot afford to make massive investments, he is deceiving consumers and making them much more cautious in their spending.

One of the reasons for this economic slowdown, if not this recession, is the consumers' unwillingness to spend. When the Minister of Finance keeps saying that things are bad everywhere, thus contributing to the economic slowdown, it can only make consumers put their spending on hold.

The Minister of Finance is also responsible for the economic slowdown because of his inaction. He should have taken action long before his upcoming budget. He could and still can act to support the economy and employment but he is not doing it.

What are these means? We are too used to seeing the minister fibbing every year when he says “Listen, we must be careful, there will not be any surpluses”. In the last fiscal year the government ended up with surpluses totalling \$17 billion.

By not telling the truth on the actual surpluses, the minister avoids debates in the House and among the public on the use of these surpluses. Then, a few months before March 31, which is the end of the fiscal year, he no longer has any choice and must use all the

surpluses that he deliberately overlooked, even though he knew full well that they existed, to reduce the debt.

We have nothing against paying off the debt but this government must deal with other priorities, and while security is important, so is people's economic well-being.

We did calculations regarding the evolution of public finances, as we have been doing for the past seven years, particularly for the past five years where there have been surpluses. This year, while a recession, which is a negative growth of the GDP in real terms, is likely over the next six months, there will still be a \$13.6 billion surplus. This is the most conservative scenario. With a negative growth of less than 2% of the GDP over the next six months, we arrive at \$13 billion.

The Minister of Finance can do something. He has the means. We are not asking him to return to a deficit situation, we hate deficits more than any other party in parliament. We even presented a bill on balanced budgets three years ago and the Minister of Finance rejected it. He rejected a bill opposing deficits. We detest deficits much more than they do.

We want a realistic plan that would use \$5 billion of the \$13 billion surplus expected in the present fiscal year to support the economy and jobs in order to guarantee the economic security of Quebecers and Canadians. This would also ensure that the slowdown, however deep it may be, would not turn into a deep and protracted recession. It would seem that the minister has forgotten the multiplier effect of a dollar invested in the economy and its effect on employment and tax revenues. We can support the economy.

● (1145)

This \$5 billion plan we are proposing to the Minister of Finance includes the following. First, we want, and it is not costly, SMBs, which are currently suffering from the economic slowdown and need a breath of air, to enjoy a little relief from provisional instalments, that is the taxes they will have to pay in the coming months. We are asking that the instalments be put off for six months. This would cost almost nothing, \$50 million, but it would be so effective right now that even the Chamber of Commerce and the Canadian Federation of Independent Business support this sort of measure.

We are also calling for some relief in contributions to the employment insurance plan. We can afford this too. There is a surplus of \$6 billion or \$7 billion in this fund. These two measures would inject nearly \$2 billion into the economy.

We are also calling for—and this can be readily done to support workers facing the economic slowdown—the Employment Insurance Act to be amended. There is consensus in the Standing Committee on Human Resources Development on increasing benefit coverage for young people, women and regions hit with high unemployment.

One does not have to be a genius to realize that, in addition to the economic slowdown, there is restructuring in certain resource regions. These are calling for more extensive government intervention, at the cost of \$1 billion.

Government Orders

We are also calling for another billion to help the tourism and aircraft industries, the most heavily hit by the economic downturn, which has been exacerbated since September 11. One billion dollars is being requested.

Last, we are calling for an acceleration—if this government can possibly grasp the concept—of investments that would have been made anyway during this fiscal year, for instance funding for social housing, within the infrastructures program.

Taking \$5 billion of the forecasted \$13 billion surplus for this year still leaves \$8 billion. Part of that amount the Minister of Finance can reserve for security because we do not know what is around the corner. He can also show some open-mindedness in the next budget.

There are provinces suffering at this time because they have obligations toward their population as far as health and education are concerned. They are short of money.

Every year there will be a structural surplus in the coffers of the federal government. Would there be any way of having a meeting, a real federal-provincial meeting, on sharing taxation resources? There were such meetings in the sixties, seventies and eighties. Why is there such a closed mind about tax base redistribution? The needs are in the provinces and in Quebec as far as health and education are concerned, while the taxation resources are here. Surplus funds are accumulating year after year and this will not change, even after the recent events we are having to cope with.

What we are calling for is something very simple: for the government to realize that there are two kinds of security, one Security with a capital S and the other economic security. It is rather awful to experience feelings of insecurity because of the terrorist threat and at the same time to have to deal with economic insecurity because we cannot predict what the outcome of the economic slowdown will be on our lives and on our jobs.

We are asking the government to intervene. It has the means. We are asking it to use \$5 billion of the \$13 billion surplus expected for this year. We are asking it to permanently avoid deficits, forgetting of course that it was the Liberals who created the first deficits and who have a way with spending that is not always efficient or effective.

We do not want a deficit but we would like the Minister of Finance to get moving, to stop being so pessimistic about a balanced budget and to stop talking about the deficit. Such comments are not relevant this year. There will not be any deficit. The most skeptical outlook forecasts a surplus of \$12 or \$13 billion. So he should hold the rhetoric.

In the past, we heard about extreme caution. The Minister of Finance has lost so much credibility when it comes to his forecasts that he can no longer show his face. Today, the focus is on security. I am all for security. The terrorist threat is real but we also need to think about and look after people's economic security.

For this next budget, we expect the Minister of Finance to have understood this message and to have come up with a plan to stabilize the economy and employment. Since October 3, we have been offering him concrete suggestions to help him do this. He must consider security, but he must also consider peoples' economic security which is also important.

● (1150)

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): I want to congratulate the hon. member for Saint-Hyacinthe—Bagot on his speech. I think he ran out of time and would have wanted to talk longer.

He raised this, but I wonder if he could give us his opinion on the whole issue of reapportioning the tax base. As we know, in Quebec a commission on fiscal imbalance is examining this matter. I wonder if my colleague could tell us more about this.

Mr. Yvan Loubier: Mr. Speaker, at the same time as we are proposing an emergency plan for the next six months, which is an ad hoc initiative by the federal government and not a recurring yearly measure, we have been noticing, particularly in the past two years, a tendency by the federal government to accumulate significant surpluses every year.

This is due to the federal tax structure. For example, in Quebec, 60% of the total personal income tax paid by Quebecers goes to the federal government, compared to 40% to the Quebec government.

The federal government is enjoying incredible fiscal capacity. And personal income tax is the type of taxation that increases the most rapidly over time. This means that there is truly a constant increase in tax revenues collected from individuals.

Because of this distortion in the tax system, the federal government finds itself year after year with a large structural surplus in its coffers, while responsibility for health, income security and particularly education needs falls to the Government of Quebec and the provinces of Canada.

We are therefore stuck with this skewed system, which must be corrected. There is a way to do that. We saw it used in the 1960s and particularly in the 1970s. The tax fields of the federal government and of the provinces were redefined.

In other words, the federal government gave out tax points. It gave the provinces additional tax capacity and it partially withdrew from the tax field in order to allow the provinces to collect additional money so they could meet their primary obligations, which are health and education.

Today we are back in the same situation we faced in the 1960s and 1970s. The federal government has excess tax capacity but the provinces are facing growing and inescapable demands in the fields of health, education and income security.

The Séguin commission is looking at ways of addressing this tax imbalance. We have specific proposals for a phased-in solution: gradually transfer tax points to the government of Quebec, starting with the portion the federal government is now paying in cash to the government of Quebec and the provinces for the Canada social transfer, the transfer for funding health, education and social assistance.

A portion of these transfers was already handed over to the provinces in the 1960s but there remains a cash portion of almost \$2 billion for the government of Quebec.

This would be a good place to start.

Government Orders

• (1155)

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, I congratulate my colleague from Saint-Hyacinthe—Bagot on his speech. I have a question in connection with his last remarks.

Is this concern over the federal-provincial transfer unique to Quebec or is it a general concern of the other provinces?

Mr. Yvan Loubier: Mr. Speaker, my answer is that the concern is generalized. For some two years now, every time the first ministers and provincial finance ministers meet, this has been a concern.

At their last meeting in Montreal, the provincial finance ministers welcomed Quebec's proposal. It was to analyze the wisdom of having the tax point transfer accompanied by, for example, changes in transfer payments. To some provinces, tax points are not worth \$260 million as they might be for Quebec or \$450 million for Ontario, for example. They are worth less.

A maritime province, for example, would suffer with a tax point transfer because with tax points it would not get nearly what it does under the Canada social transfer. The reason is a matter of the relative wealth and population of these provinces. Generally speaking, the principle of transferring tax points was well received in Canada following the suggestion of the Quebec minister of finance.

However, one thing was agreed to by all. At the moment, there is too much money in federal coffers and this will be the case every year, despite the recent events. Quebec and the Canadian provinces have responsibilities in areas where there are desperate and unavoidable needs, in the areas of health and education, for example.

The federal government cannot set these needs to one side and look good by waving about billions of dollars in surpluses, which, we must not forget, come out of taxpayers' pockets. There is too much money here because there are taxpayers who pay too much tax and because the provinces do not have enough of the pie to meet their obligations as set out in the Canadian constitution, which these people claim to want to defend.

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, there is one issue that is very important to the Bloc Québécois and that is employment insurance.

I would like the member for Saint-Hyacinthe—Bagot to tell us if he has any suggestions for the program. I believe he does and I would like to give him the opportunity to expand on this topic.

• (1200)

Mr. Yvan Loubier: Mr. Speaker, yes, our \$5 billion emergency plan to support the economy and employment contains some of the measures from the unanimous report of the Standing Committee on Human Resources Development. These measures were aimed at reforming employment insurance.

Among our proposals, a billion dollars would be set aside for the most urgent reforms, including changes for older workers. Since the POWA program disappeared there has been nothing to come to the assistance of workers aged 55 and older, a bracket that has been hit with massive layoffs by big business.

During an economic downturn, casual workers are the first to feel the crunch, workers who have less experience. This obviously

affects young people and women more. Our plan to boost the economy contains extra measures to help youth and women survive the economic crisis.

There is also an increase in benefits for low income workers. Currently, employment insurance coverage stands at 55% but if one is a low income worker and has the misfortune of living in a resource based region that has suffered from the global downturn, one is doubly penalized. We are asking that the coverage for low income workers be increased.

In addition to these special measures that take into account the urgent nature of assistance for those who will be affected by the economic slowdown there is, of course, the whole issue of employment insurance reforms. Today we have a rare opportunity in this parliament. We have a unanimous report from a committee made up of members from all political parties. Why does the government not acknowledge the needs and carry out these much needed reforms?

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I would like to congratulate my colleague for St. Hyacinthe—Bagot for his speech. My colleague has been described by Canadian economic analysts as one of the top economists ever in the history of this House. He is known for his accurate and credible predictions.

Since the events of September 11, the economy on the world scale has been seriously shaken. Most experts believe that nothing is the same as before. At a time when our future was already uncertain in the aftermath of the terrorist attacks and with obvious signs of economic downturn on the horizon, the Bloc Quebec has acted in a responsible manner by suggesting a number of measures to the Minister of Finance to boost the economy.

Just recently the minister was still issuing the challenge to us to make some targeted and highly detailed suggestions in advance of his December budget. So the Bloc responded with alacrity, and presented its \$5 billion economic stabilization plan. Our objective is clear: to attenuate the economic downturn and the loss of thousands of jobs resulting from the events of September 11.

As the minister delights in repeating in this House, and according to the witnesses heard at the Standing Committee on Finance, the Bloc's plan is without a deficit. I repeat, if that is what worries the government, we are anti-deficit.

Application of this plan relies on the principles of economic stimulation, increased aid to the provinces by handing tax points back over to them, paying back the debt and a zero deficit.

I would like to take this opportunity to mention the work being done by the Quebec minister of finance, Pauline Marois, who will be presenting her budget this afternoon. She will do so with courage, despite the limited openness of her federal counterpart, and the cool reception the federal finance minister afforded her this past weekend.

Government Orders

As the minister is well aware, he has in his coffers a surplus of several billion dollars. Even if he intends to make national security his priority, the battle against terrorism represents an expenditure of somewhere around one billion dollars. These expenditures moreover, in large part, will not take place before the start of the next fiscal year. He therefore most certainly appears to have sufficient reserves to cope with unexpected expenditures and to sustain the economy.

It is all very fine for the minister to argue that his objective is to balance his budget and pay the heavy bill for national security, for he still has plenty of money left in his sock.

Let us take a closer look at the situation. Despite the economic downturns anticipated in the third and fourth quarters, this year the average growth for 2001 is expected to be 1.5%. At the same time, inflation is going down while unemployment is on the rise. And the Minister of Finance, true to himself, is underestimating budget surpluses. He began the year with an anticipated surplus of about \$8.3 billion. An informed person would expect a \$12 billion surplus and would not be far off the actual figure.

The surplus stood at \$10.7 billion after the first four months of the year and at \$11.1 billion after five months. When he talks about having limited leeway, the Minister of Finance is undermining his own credibility.

He really should seriously consider the plan that we presented to him to stabilize the economy. It is a serious and responsible proposal that would not put the country back into a deficit. It is so effective that the minister would have all the necessary leeway to fund security costs, support the economy and even pay off part of the debt. How? The minister challenged us and we met his challenge.

Under the Bloc Quebecois' plan, a mere \$5 billion would be used for the following: \$1.85 billion to support small and medium size businesses; \$1.15 billion for employment insurance; \$1 billion for various sectoral initiatives; and \$1 billion for security and defence.

This plan is not a public relations exercise to reassure the public. It is a proactive and targeted measure.

• (1205)

I feel the duty to remind Canadians and, more importantly, the Minister of Finance, that history has proven that he is incapable of predicting his deficits because he inflates them artificially and he continually underestimates his budget surpluses.

Quebecers and Canadians should know that according to figures published by Canada's Department of Finance subsequent to the budget years, the federal government has accumulated more than \$30 billion in budget surpluses since 1996.

Unlike the government forecasts, the Bloc Quebecois' forecasts were accurate on several occasions. With his misleading forecasts, the Minister of Finance is skewing the true picture of Canadian public finances. Accounting standards being what they are, the minister ends up allocating the entire unexpected surplus to pay off the debt. We understand that repaying the debt is a priority but it is one priority among many others.

Need I remind members that this past year's federal surplus was taken in large part from the pockets of workers? We are talking about \$7.5 billion taken from the employment insurance fund surplus. In August 2001 the fund's surplus reached \$39 billion.

With respect to forecasting, the Bloc Quebecois believes that, despite negative growth over the next months, the government will have a generous surplus: \$15.4 billion with zero growth, and \$13.6 billion with a negative growth of 2%.

Being prudent, responsible and realistic, the Bloc Quebecois has decided to go with the most conservative hypothesis: that the surplus will be \$13.6 billion.

We are suggesting that the minister go ahead with specific, temporary measures to accelerate investments in order to give momentum to small and medium sized businesses. As requested by the Canadian Federation of Independent Business, which never got a reply from the government, instalment payments for SMBs could be deferred. The government of Quebec has already done this, giving SMBs some breathing space, some liquidity. All the government has to do is pay the interest, which would have a minor impact on the budget. It could also at least reduce EI premiums. We suggest that the minister give businesses a contribution holiday for the next two months.

The effects of these combined measures would be appreciable. They would put \$1.8 billion back into the economy; \$750 million for workers and even more for businesses.

The Bloc Quebecois is proposing active and passive measures to help unemployed workers. Active measures, such as investing the maximum in active job measures, or 0.8% of the payroll, or \$640 million Canada wide, would encourage entrepreneurship and training.

The Bloc Quebecois is also proposing that help be given to those who will bear the brunt of the economic downturn. The minister must immediately implement the recommendations contained in the report tabled by the Standing Committee on Human Resources Development in May and adopted unanimously. To that end, he will have to convince his colleague, the Minister of Human Resources Development, of the wisdom of these recommendations, which deal with older workers, low income workers, young workers, and support to the regions, and which propose increasing benefit periods from 45 to 50 weeks.

Since my time is quickly running out, I will wrap up my remarks. I also wish to put forward an amendment to the amendment.

It must be clear to members that the minister can do more than merely protect transfers already budgeted. There is room for investment in health, in infrastructures and elsewhere. His budget should tackle the issue of health care.

It would be quite simply immoral of the minister to pour all these surpluses into paying down the debt when the provinces are grappling with health care costs which will not be going down.

In closing, I would like to move as follows:

That the amendment be amended by adding, between the words "tax reductions" and "restore confidence", the following: "while improving the employment insurance plan".

Government Orders

• (1210)

The Deputy Speaker: The Chair declares the amendment to the amendment to be in order.

The hon. member for Lévis-et-Chutes-de-la-Chaudière.

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, I too would like to congratulate the member for Drummond on the work she does in finance.

Last week I went with her to visit a business in her riding, as I was on my way back to Lévis. I heard from a number of people in her riding who commented on the member's effectiveness and assistance to the businesses in her riding, which until recently had a low rate of unemployment. Despite that, she is especially dedicated.

In her remarks she spoke of support for business. Despite the dynamism of business since the attacks of September 11, some industries have been affected, such as aviation and tourism. I know many people visit Drummondville to see the heritage village and to take part in the festival. These organizations are having difficulty at the moment.

I have a question for my colleague on help to small and medium sized businesses, which create 80% of jobs in Quebec. Could she talk about these measures a little?

• (1215)

Mrs. Pauline Picard: Mr. Speaker, I thank the hon. member for Lévis-et-Chutes-de-la-Chaudière for his kind words.

It is true that the riding of Drummond has experienced extraordinary economic growth. Small and medium sized businesses in the riding are doing rather well but they are adversely affected by the economic slowdown. They are concerned about this. Most of these businesses are in traditional sectors and they export 80% of their production to the United States. Everyone is concerned about the situation.

We are also affected by globalization. Some businesses invest in our region, which makes up for some layoffs, but people who have worked for 25, 30 or 35 years for a company are losing their jobs because of globalization. A company will shut down and move its operations to Mexico because workers there are paid less to do the same job.

This is very disrupting. Sometimes as many as 400, 500 or 600 workers can be laid off. The textile industry, in particular, is very vulnerable.

These workers include people who have been with a company for 30 or 35 years. These are older people who have worked at the same job throughout their adult life. They have a very hard time qualifying for another job because under our rules they are considered to be older workers. These people, who are in their fifties, often have children who are still in university, which is very costly. Unfortunately, since the federal government abolished the POWA program, they have nothing to turn to.

These measures, which were included in the unanimous report of the Standing Committee on Human Resources Development signed by all committee members, including Liberal members, would have

given some hope to those who have been laid off because of the circumstances, the economic slowdown and globalization.

I may not have answered the hon. member's question specifically but I wanted to stress the fact that it is a very important measure for workers and for all Quebecers and Canadians.

The government absolutely must restore this measure. It should be changed, as we said in the past, but it should be restored to support people who lose their jobs.

Mr. Serge Marcell (Beauharnois—Salaberry, Lib.): Mr. Speaker, I read something today on which I would like the hon. member of the opposition to comment. I share her concerns about older workers. This is a growing phenomenon, particularly concerning workers in industries like the textile industry, whose level of education is not very high.

Would it be totally normal under the circumstances for the government to avoid investing in services per se, since investing in government services will only increase its expenditures in the service sector and not necessarily stimulate employment?

Ought not the government instead focus its efforts more on supporting the economy, which is supporting business, rather than reinvesting in services?

Mrs. Pauline Picard: Mr. Speaker, such an idea surprises me a great deal. It has been proven in the health field that investment in health services and health care stimulates the economy.

Everyone knows that poverty has negative effects on health. Often the poor have health needs because of a number of different factors. Investing in health care, investing in resources, that stimulates the economy.

At this point in time, the government really does have the means. The proposed plan is in the order of \$13 billion. Those are very conservative figures. Using \$5 billion leaves it with \$8 billion. The government need not worry. We also know very well how the Minister of Finance operates. All surplus funds go toward the debt, while the provinces are in obvious need.

• (1220)

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I would like to say a few words this morning on this matter. It is a subject of great importance to the people of Canada.

[*English*]

There is a slowdown in the economy and it started before September 11. September 11 accelerated the slowdown in many ways across the entire world, not just in Canada. Figures released yesterday show that in the last three or four months the economy has slowed down by 0.4% in the United States. That is having a profound impact on Canada as well.

Yesterday the Canadian dollar closed at its lowest level in history. It was down to less than 63¢. A number of years ago the Canadian dollar was worth about \$1.04 American. It went down to the range of 73¢ to 74 cents about 20 years ago. Then in 1990-91 it went back up to the range of 83¢ to 84¢. Now it is down to about 63¢.

Government Orders

We are facing a looming economic crisis. There is a decrease in government revenues and we are facing a recession. The recession will probably be a long one and not a short one. We have to figure out what we will do to navigate through these stormy economic times.

During the last five weeks, as a member of the finance committee I have spent a lot of time in prebudget hearings. We have heard from many Canadians from coast to coast. We travelled for two weeks. We were sitting here in Ottawa this morning. We sat here two, three and four weeks ago. We will be sitting next week. We are hearing from all kinds of Canadians and associations.

It is interesting that we hardly hear anything at all now about more tax cuts or paying down the national debt. Most Canadians are saying that the government's number one priority should be security because of what happened on September 11. In addition to security and extra money for security in the RCMP and customs and so on, the other priority should be building a stronger economy and creating jobs for each and every Canadian.

The budget that the Minister of Finance will bring down in a few weeks should concentrate on, in addition to security, how we build a stronger country, how we create more wealth and eventually create more equality in this great country of ours. That has to be the priority of the Minister of Finance when he brings down the budget.

We have to once again make this our country, make this our Canada. We must build a stronger Canada where we have security and prosperity for each and every Canadian.

Since the summer there have been tens of thousands of layoffs. The most recent layoffs were yesterday when 2,000 people received notice at the CIBC that they would be laid off.

What do we have to do? We have to do seven or eight different things. We have to put a lot more money into research and development, training, education and early childhood education for the Canadian people. We must have that long term vision of building a stronger country despite the fact that we are going into a recession or an economic slowdown. We have to have the vision of trying to make our country stronger. One way of doing it is by putting more money into research and development, scientific research and the training and education of our people right across the country.

In the years ahead it is knowledge and education that will become power. Knowledge and education will determine whether or not Canada will be a strong country that has a lot of jobs, as opposed to other places in the world.

Our country has been gradually sinking in the last few years. For a number of years according to the United Nations human resource index, Canada was the number one country in the world in which to live. Now we are number three. If we include our aboriginal people, the number is 63 using the same index.

We have a long way to go in terms of improving the human condition. The place to start is with education, training, skills and innovation. Compared to other countries in the OECD, we are not leading the pack. At the very best we are in the middle of the pack in terms of most of these indices. That is where we start. We should also be investing in infrastructure.

A few weeks ago I had a chance to speak in Peterborough, Ontario. I flew to Pearson airport and I rented a car and drove the 150 kilometres to Peterborough. The 401 is a big highway. I thought it would take about three hours on the road. I pulled into Peterborough four hours later because of the congestion on the 401. The member for Markham knows exactly what I mean. All the trucks and cars sitting on the 401 are spewing pollutants into the atmosphere. We wonder why our country has let its infrastructure deteriorate in terms of rail transport and rapid transit.

● (1225)

Europe and the United States have invested a lot more in rapid transit. A lot more freight is moving by rail than in Canada. We heard in our prebudget hearings across Canada that we should be putting a lot more money into rapid transit to move both passengers and freight across the country. It is good for the environment. It is good for the economy. It is good for the country. It has to be a priority. It has to be an investment.

If that is included in the upcoming budget, we will be creating more jobs, strengthening our country, building our infrastructure and saving our environment. There has to be a vision in terms of how we make our country stronger by investing in rail transport.

The same is true on the prairies. I see the parliamentary secretary across the way. If he were to go to my province he would see the consequences of a decision of the federal government many years ago to allow the railways to abandon rail lines, which forced grain companies to build inland terminals and close down elevators in small towns across the prairies.

The Saskatchewan and Manitoba provincial governments have spent millions of dollars building thin membrane highways to carry cars, small trucks and light vehicles. When the rail lines disappeared and were abandoned, big trucks were moving grain on highways which in some cases are like roads that have been bombed in terms of the potholes, ruts and breakage of the thin membrane.

Now millions of dollars have to be spent building thick membrane highways, but we do not have a national highways policy. We are one of the few countries in the world without a national transportation policy.

The hon. member for Churchill knows what I am talking about. In terms of the country's infrastructure, building highways and roads across the prairies, we need some assistance from the federal government. Because of the mistake made by the federal government many years ago by abandoning rail lines, elevator companies were forced to abandon elevators, which forced farmers to truck grain in big trucks on highways and destroy the roads.

It does not make any sense in terms of what has been done to our environment and to the economic viability of rural Saskatchewan.

Government Orders

A lot more money should be spent on cleaning up our drinking water. Walkerton was an example of that last year. North Battleford, St. John's, Newfoundland, and many aboriginal and other communities across Canada have real problems with drinking water. Money should be put into those areas to build a stronger Canada and have a viable country in the years ahead. Money should be put into infrastructure and research and development, two very important places to start.

Third is the whole area of housing. The federal government pretty well withdrew a long time ago from the whole market of affordable housing, social housing and co-op housing. We have heard brief after brief from people across the country talking about a housing crisis; the price of housing in Vancouver and Toronto, big metropolitan areas; and the lack of affordable housing in many communities.

If we want to kick start the economy, if we want to create jobs, if we want to build a stronger Canada to invigorate the economy, one way of doing it quickly is by putting money into housing. For every average house built an average of 2.8 person years of jobs are created.

If we want to kick start the economy, get people back to work, have people paying taxes and keep people off the unemployment insurance rolls, one way of doing that is by building houses. Let us have a national project to build houses across Canada. That is something that should be done.

In addition, the houses are needed. Many people are living in substandard housing. There is a housing crisis. People cannot afford housing. More and more people are facing homelessness in large cities.

When we walk in downtown Ottawa in the morning to the House of Commons, we run across homeless people. We see this in every major city in Canada today. The situation is getting worse instead of better.

It is training and education. It is infrastructure. It is housing. I will mention a fourth area in which the federal government should invest money: the agriculture crisis facing our farmers today not only on the prairies but across the country.

•(1230)

Farmers on the rural prairies are being forced to leave the land. Social problems are being caused by the economic crisis. Small towns are deteriorating. People are moving into the cities. People are going on to the welfare rolls because of the farm crisis.

I will give one example of the prairie farmer and what the prairie farmer is facing. The prairie farmer now gets about nine cents on the dollar from the federal government for support prices. The prairie farmer in the United States who farms in Montana and North Dakota, just across the border from Manitoba and Saskatchewan, gets about 35¢ or 36¢ on the dollar from the federal government of the United States in Washington.

The farmer in France gets about 56¢ on the dollar from Brussels. With 56¢ on the dollar for the European farmer, 35¢ or so for the American farmer and 9¢ for the Manitoba or Saskatchewan farmer, is it any wonder our farmers are going under?

I call on the federal government to implement a decent safety net program or farm support program for our farmers. It is needed and needed now if we want to protect our rural infrastructure, the production of food and the export of grain.

There is no reason at all we could not be spending an extra couple billion dollars a year without violating WTO rules. This is what experts told us before the committee. That is what the federal government should be doing if it wants to protect the family farm and ordinary farmers.

I will go from agriculture to other resources. I think of the crisis in forestry today. I think of the woodworkers that are being laid off across our country. I think of British Columbia that produces half of our softwood lumber. Softwood lumber and timber exports are our single largest exports, even larger than automobiles.

We saw the tariff levied by the United States. We saw yesterday the increase in the duties and charges on dumping Canadian lumber into the United States. Our government has to take a very strong stand to make sure these duties are rolled back so that we have a level playing field for Canadian workers in the forestry and lumber industries. That is how to create jobs.

On one hand the Americans applaud us for being great friends in their campaigns, but on the other hand their policies are laying off thousands of Canadian men and women across the country, particularly in the province of British Columbia. Our government must take a strong stand in doing what it can to make sure that this unfair practice by the United States is stopped right away.

These are some of the things that we have to do. If we are to get the country back on its feet, if we are to have a stronger Canadian dollar in terms of its purchasing power for the things we import, we have to build a stronger economy and a stronger country.

I am concerned about the erosion of our country, the sellout of our economy by more and more things going to the United States. Just last June, for example, the federal government decided to privatize the administration of Canada savings bonds to a company based in Texas.

I ask the parliamentary secretary why the government would do this. Some 60, 70 or 100 people who were doing this before in the public sector were laid off. These jobs are now in the private sector with call centres in Mississauga and Ottawa. Why privatize what was done by the Bank of Canada to Electronic Data Systems headquartered in Texas?

Canada savings bonds are a great symbol of our nationalism. I do not think the Americans would ever do this. Yet we are doing it as a country.

This is just one of many examples of what we are doing wrong: how we are selling out our country, how we are selling out the soul of our country instead of creating a country where we do more things for ourselves; where we do more upgrading of our natural resources; where we do more manufacturing, more research, more development, more education and produce more of our own commodities. Those are some of the things that are extremely important.

Government Orders

Then there is health care. We heard this morning from the Canadian Medical Association and the national nurses union at the finance committee in the railway committee room about the problems in health care and how the federal government cutbacks in 1995 have hurt our health care system and put it in jeopardy.

●(1235)

I am reminded that the medicare idea was brought to Canada by such pioneers as Tommy Douglas, Stanley Knowles and people in the CCF and the NDP who back in the 1960s forced the minority Liberal government led by Lester Pearson to implement national health care.

We were told at that time that health care was funded on a 50:50 basis by the federal government and by the provinces so that the federal government could have a publicly administered system, a single payer system with some clout in terms of uniformity across the country in the delivery of services of health care.

An hon. member: Now look what they have done.

Hon. Lorne Nystrom: As my friend from Vancouver says, look at what they have done. The Liberals must be hanging their heads in shame about what their party and what their government have done to health care. The cash transfers have been cut back. What does the federal government fund now? Is it 14, 15, 16 or 17¢ on the dollar as cash transfers to the provinces?

I know the parliamentary secretary says they are getting tax points, but he should have heard the CMA and the nurses this morning when they talked about tax points. If tax points are transferred to the provinces to cover some of the costs of health care, at the very best about 30% to 35% is being covered. However the power of the federal government is also being forfeited to enforce national standards. If there is a transfer of cash the federal government can withhold the cash to the provinces for implementing user fees, setting up private clinics or violating the Canada Health Act.

If Ralph Klein decides to violate the Canada Health Act and the federal government is only putting about 13% or 14% of the cash into an economy as strong as that of Alberta, Ralph Klein can just thumb his nose at the federal government.

I know the parliamentary secretary had to be here this morning when I was at the finance committee, but if he were there to hear the CMA, the nurses union and other people express their concern that the federal government must eventually fund once again half the cost of medicare or health care in terms of cash transfers, I am sure he would be moved by the argument. He would lobby the Minister of Finance to mend his conservative ways and go back to a national health care program eventually funded 50:50 by the provinces and by the federal government.

That is what we need. We need a strong federal government with a vision of making this our Canada, making this a stronger country, making this a country of which we are very proud. That is what should be happening in the budget that will be before us in the next month.

We should be leading the way in terms of a new international vision or a new world order to come to grips with some of the

problems we have today because of starvation, famine, the AIDS pandemic in Africa and the like. We should be leading the way by articulating a vision of an international economic development organization that starts putting money into poor countries of the world and a vision of a modern day Marshall plan for the development of places like Africa and to make sure that places like Afghanistan have a chance to develop and their people have quality of life, some food to eat, some medical services, some housing and some education.

Those are the kinds of things we should be doing internationally. When the Minister of Finance goes to the IMF, the World Bank, the G-20 and other international fora, he should be speaking proudly of the motion we passed in the House two years ago to endorse the idea of the Tobin tax, a small tax on the speculation of currency around the world. I proposed that private member's motion which was carried by the House in a vote of 164 to 83 in March 1999.

This would go a long way to curbing some of the speculation on currencies we see today. Speculation is one of the problems we are having with our dollar: speculation on our dollar and on other currencies and the retreat of currencies into the United States as people visualize it as a bigger and stronger economy.

Our minister should have an international vision of some order and some regulation in terms of currencies in the world, a vision of putting more and more money into international development. If we had a Tobin tax in the world today where more than \$1 trillion a day is speculated on currency markets, a small tax of 0.1% to 0.5% would create an international development fund of several hundreds of billions of U.S. dollars each and every year.

Let us imagine the kind of world we would have if we could spend tens of billions of dollars a year on international development.

●(1240)

Today we spend about \$10 billion a year on the United Nations and the world spends about \$800 billion U.S. on armaments and military equipment. We should flip those priorities around. Our country should be leading the way with that kind of international economic and social vision, which would help make this country strong.

[*Translation*]

Mr. Serge Marcil (Beauharnois—Salaberry, Lib.): Mr. Speaker, I would like to make a comment to follow up on my earlier question.

I would like to say that in today's issue of *Le Quotidien*, November 1, Minister Guy Chevrette, a member of the Parti Québécois government in Quebec City, said that the budget was designed to help boost the economy:

Guy Chevrette promises that Ms. Marois' budget this afternoon will help boost the economy.

Without giving away any secrets, the minister of transportation indicated that the emphasis would be placed on creating and maintaining jobs, and not on increasing spending for services.

People will be critical because we are not increasing spending on services, but in order to act as a responsible government, we must support the economy, which is the government's source of revenue.

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This was the context in which I asked the question of my colleague. I wanted to hear the Bloc Quebecois' opinion on its counterpart in Quebec City, the Parti Quebecois, regarding the direction that Canada's finance minister should give to his budget.

[English]

The Deputy Speaker: It is not for me to interpret the comment. I will give the hon. member for Regina—Qu'Appelle an opportunity to respond before I recognize another member.

[Translation]

Hon. Lorne Nystrom: Mr. Speaker, the member asked me my opinion on the Bloc Quebecois' perspective. I am a proud New Democrat in this House of Commons. I have no idea about the Bloc Quebecois' perspective. He should ask this question to the Bloc Quebecois, not the NDP.

[English]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I congratulate the member for Regina—Qu'Appelle on a very excellent presentation. It called on the government to show the kind of vision, transparency and scope that we need to look for in a federal budget both internationally and nationally. He laid out the very critical need to build not only our physical infrastructure but also our social infrastructure. We have built up a social deficit as a result of successive cutbacks.

The member stated that we need to invest in training and education and that we need to ensure that post-secondary education is accessible to all young people across Canada without the burden of a massive debt. Student debt load has risen enormously. We must have accessible post-secondary education if we expect to perform in the future as a knowledge based economy. Would the hon. member care to comment on that?

Hon. Lorne Nystrom: Mr. Speaker, that is a very good question. We have created a huge human deficit in Canada. The first nations population is a perfect example of that.

The United Nations human resource index rated us as number three in the world in terms of the best country to live. Using the same index, our first nations people are number 63 in the world, somewhere along the lines of many developing countries. We need to look at the abject poverty and the lack of opportunities among the first nations people. It is not a very good commentary on what our vision has been in terms of having an inclusive society and creating more equality. That is probably the best example of where the lack of opportunity has been.

Representatives of the CMA told a committee this morning that we have 50 aboriginal medical doctors in Canada, yet we have well over one million aboriginal people. They pleaded with us to ensure more spaces are made available for aboriginal people to be trained as medical doctors and registered nurses. Getting rid of the human deficit has to be a priority.

We must start with people like the first nations and the Metis who had tremendous problems in terms of being treated equally by our country. We can begin by gradually eliminating tuition fees and other barriers toward post-secondary education. That is the kind of vision we need, one that invests in people and human resources to create a

strong country and a strong economy with greater equality of opportunity for everyone.

• (1245)

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, the member for Regina—Qu'Appelle made thoughtful comments overall. I am not agreeing with every word but they were positively enlightening compared to the two speakers who preceded him.

It is sometimes said that if one has 18 priorities, one has no priorities. The member listed about eight initiatives that he would like the government to focus on. It would be interesting to know, in order for me to transmit this information, the order of his priorities. Is it the same as the order in which he presented them? If there is not enough money to do everything, it might be a good idea to know which priorities are the more important ones. Could he tell us what his first three top priorities might be?

Hon. Lorne Nystrom: Mr. Speaker, I could answer that question in part by saying what some of the priorities are not. We could be cutting out some of the corporate welfare to save a bit of money. We could be abolishing the Senate and saving \$60 million a year. We could be perhaps scaling back on some of the very generous tax cuts to some of the wealthy people and large corporations to save a bit of money.

We could then spend that money along with the projected surplus on the priorities I listed: long term investment in education, research and development, infrastructure and housing. Housing kick starts the economy and creates a lot of jobs. We should not forget the farm crisis.

The finance committee has heard that those are very important priorities. The parliamentary secretary should be aware that we are hearing very little about more tax cuts and paying down the national debt at this time of economic slowdown. He knows what I mean by priorities. I have stated them a couple of times now.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, a few years ago the Alliance came to the House asking the government to get out of the lives of Canadians and to let the marketplace rule everything. It claimed everything would be okay if that happened. I was completely shocked yesterday when in question period Alliance members asked for government intervention in the economy. What a complete flip-flop by the Alliance.

Would my hon. colleague comment on the complete reversal of the Alliance's economic policies?

Hon. Lorne Nystrom: Mr. Speaker, it was Halloween yesterday. When members of the Alliance, the Reform or whoever they are came to the House in 1993, they spooked the Liberal government across the way into the biggest cutbacks we have ever seen in terms of social programs in Canada. The government gutted social programs. It privatized and it deregulated because it was scared of the member for Calgary Southwest and the Reform Party.

Now we see the flip-flop. Members' pensions is a very good example of that. We were all pigs at the trough for accepting pensions. All of a sudden that party did a flip-flop with regard to pensions and those members are now accepting the pension plan.

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There was also the issue with Stornoway. That party was to turn Stornoway into a bingo hall. I recall the leader of the Reform Party doing a photo op with Audrey McLaughlin's old used car that she got as leader of the third party. The leader of the Reform Party would not accept the leader's car when he was the leader of the third party.

I also recall sitting in the gallery a few times between 1993 and 1997 when I was not an MP. The leader of the Reform Party sat in the second or third row of the House of Commons and said that politics would be done differently. That was another flip-flop by the Reform Party or Canadian Alliance.

Today the Alliance wants the federal government to spend more on security because there is a security crisis in the world. It wants the government to spend more on national defence, customs, CSIS and the RCMP. It is interesting to see these flip-flops by the Alliance.

An hon. member: Almost as good as Liberal flip-flops.

Hon. Lorne Nystrom: They are not as good. The Liberals say one thing when they are out of office and another thing when they are in office. Maybe the Alliance is trying to imitate the Liberal Party sitting across the way.

• (1250)

Mr. Scott Brison (Kings—Hants, PC/DR): Mr. Speaker, it is with pleasure that I rise to speak to our prebudget consultations. It is unfortunate that the Minister of Finance is not here to listen to the views being expressed.

The Deputy Speaker: Order please, I remind the hon. member that we are not to make any mention of who might not be here because we never know ourselves that for whatever reason we might not be here. That is a good policy.

Mr. Scott Brison: Mr. Speaker, I apologize for my lapse of judgment. The fact is that it would be important to have the Minister of Finance here to listen to these views because they are important views which reflect the people whom we represent not only in our own constituencies but across Canada.

His opinion of parliament is so low that he has not presented a budget to the House since February 28, 2000. Some 22 months, over 600 days, have gone by, which is far too long for a country to go without a defined and accountable economic plan. The government's opinion of parliament is so low that it does not believe it owes parliament a budget every year.

An annual budget imposes a discipline on the governance system. It provides important fiscal information to the domestic and foreign communities. It enforces deadlines on the public service, a feature well known to any municipal council in Canada, and provides accountability to parliament and to the people represented by parliamentarians. Constitutionally it enables the House to pronounce judgment on a government by debating and voting on the motion to approve government policy.

It imposes a discipline on opposition members by forcing us to present to the public our views on alternatives to government policy. Perhaps the government's view of the opposition is best summed up by Jeffrey Simpson's label of friendly dictatorship when he describes the Liberal government.

I am prepared to share with my fellow members of the House some of my views and our party's views as to what should be done in the upcoming budget notwithstanding the disdain that the Minister of Finance has demonstrated for the people of Canada represented in the House. Clearly Canada needs leadership at this very difficult time.

The events of September 11 remind us of how desperately important it is for governments to be there during times of crisis to provide some guidance and reassurances to people. However we should not make the mistake of assuming that the events of September 11 caused the recession or caused this economic downturn. It deepened the recession, but we were heading to a recession long before September 11. We had the worst quarterly results in Canada in the last six years prior to this recession.

In a post-September 11 environment we are probably in one of the greatest periods of economic uncertainty that Canada ever faced. This is a time when the finance minister had to be dragged kicking and screaming to introduce a budget in the House. During this time of economic uncertainty the finance minister has done very little to provide some level of reassurance or certainty. He consistently fudges his numbers, inadvertently or otherwise, and provides very little firmness in terms of the estimates to the House and parliament.

Some estimates are that there would be a surplus of perhaps \$1 billion while other estimates are saying \$13 billion. Bank of Nova Scotia chief economist Warren Jestin is saying a deficit of \$5 billion. We need to have a budget and we need some guidance to move forward to firmer ground with this range of potential outcomes.

The industry minister is more optimistic than the finance minister, but the industry minister would not let a problem like lack of cash prevent him from pursuing some new opportunity to spend money and invest in opportunities that might not make a great deal of sense.

The government coasted for nine years and relied on the success of previous government policies such as free trade, the GST and deregulation. When the economy grew as a result of Progressive Conservative policies the finance minister actually took credit for growth. When our economy grew as a result of our closer integration to the U.S. economy and that juggernaut that performed so well during that period, the finance minister took credit.

He is now saying it is not his fault that we are in an economic downturn. It is the fault of the U.S. economy. He cannot have it both ways. The government cannot have it both ways. There has been a lack of accountability for their own actions. That is what has been fundamentally missing. He is again trying to avoid and duck responsibility when Canada faces a recession.

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•(1255)

There has been no post-NAFTA vision from the government and it is little wonder that the government has been ill equipped to provide a post-NAFTA vision because that party when in opposition was opposed to NAFTA. Donald Macdonald, who chaired the commission that led to NAFTA, actually stated that the current Prime Minister and the current government would not have pursued NAFTA in the vigorous and courageous way that Brian Mulroney and his government did at that time.

I am proud to say that our party had the courage, vision and foresight to pursue aggressively and lead the agenda that helped attach the hands of Canadians to the economic opportunities that led globally in the 1990s. However I am disappointed in the current Liberal government for its lack of vision and its inability to provide any level of vision and policy in a post-NAFTA environment.

The greatest economic changes in the last hundred years have occurred in the past nine years. If we look at any barometer or gauge, whether it is technology or integration of economies, notwithstanding what occurs in terms of trade agreements, but globalization led by technology and the telco revolution, there have been so many changes, challenges and opportunities and there has never been a more expensive time for Canadians to have a caretakership, cruise control style of government.

Under this government our dollar has lost approximately 13 cents U.S. Under the previous government, over a nine year period the dollar only lost one penny. We are now seeing our dollar trading at record lows. The low dollar is the price Canadians are paying for nine years of cruise control, visionless government.

Every time the dollar drops Canadians take a collective pay cut. The Liberals were applauding the finance minister yesterday when there were questions asked about our low dollar. They do not really care about Canadians taking a pay cut because they live in an insulated little world where people can actually vote themselves a pay raise if they need it. Canadians cannot do that.

In 1998 in response to a question about the low dollar the Prime Minister said it was good for tourism. The logical corollary of his flawed argument would be that if we were to reduce the dollar to zero we would be the greatest exporting nation in the world. The minister said in 1998 that the problem really was not the Canadian fundamentals, the problem was that the market just did not get it. Three years later the market is still not getting it. I think Galbraith said it best when he said that we should beware of governments that say the fundamentals are good.

The biggest flaw in our current fundamentals is our lagging productivity growth, particularly relative to that of U.S., and not just the U.S. but most OECD countries. Our dollar, better than almost any other gauge, reflects our productivity levels.

The government, instead of pursuing the types of policies that can strengthen productivity, has been tinkering with policies. The best example of this is that instead of actually pursuing a tax reform package that could revolutionize productivity in Canada, that could actually put Canada on the leading edge as opposed to the bleeding edge, the government believes in tax tinkering based on polls and focus groups. More than anything else right now we in Canada need

major broad based tax reform, starting with our profit insensitive taxes and capital taxes in particular. For every \$1 in capital tax revenue collected by the government our economy loses \$1.50 in productivity. There is no more expensive tax than capital taxes in regard to productivity, growth, opportunity and prosperity. Our federal capital tax revenue is about \$1.5 billion per year. I would suggest that should be a good starting point in terms of tax reform.

Profit insensitive taxes in general, including payroll taxes, have to be given a more serious look. Not using payroll taxes, employment insurance in particular, which is in and of itself a regressive tax to begin with because it levels off at \$39,000, should be addressed.

Our capital taxes have to be addressed. Other countries are addressing theirs. I was in Germany for a conference last week and learned that in Germany all capital taxes will be eliminated in 2002. In fact we are in the minority of industrialized nations that tax companies not just simply for the profits they make but on the capital they have.

•(1300)

When we tax capital we reduce investment. When we reduce investment we reduce productivity. Our dollar reflects that. Locking up our equity and capital in a capital gains tax prison is not a way to spur productivity. Other countries like Ireland and the U.S., and social democratic countries with vision, like the U.K. and Germany, are pursuing tax policies and tax reform packages that have significant potential to make a difference and turn productivity numbers around.

The approach of the industry minister and the government is one that is focused on spending. Could anyone actually disagree with the notion of broadband availability across Canada, in every small town and every rural community? No, of course no one could disagree with that notion, but let us look at it objectively. The fact is that in most of our cities now we have broadband availability yet the majority of people living in those cities still does not use broadband. The fact is, if the minister is speaking of the problem of a digital divide existing in Canada, the issue is not strictly rural-urban. The issue is a socioeconomic divide that exists even in our major cities.

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It is an inconvenience in rural communities to access the Internet, but it can be done. I do not disagree with the notion of moving forward aggressively with this sort of plan in time, but in the short term it simply is wrongheaded. In fact the greatest single economic issue facing Canada right now, in a post-September 11 context, is the issue of a perimeter and the security of our external borders to ensure that the \$2 billion of trade per day with the U.S. from which we benefit is not jeopardized. There is no better defender of our economic sovereignty than continued access to the U.S. trade that we need as Canadians. This is not a security issue alone. It is an economic issue.

Before I go further, I should have mentioned from the beginning that I will be sharing my time with the member for Brandon—Souris.

The Deputy Speaker: I regret that it might not be possible unless we have unanimous consent because the member already has surpassed the time limit of 10 minutes by approximately two minutes. That being the case, I will now turn to questions and comments for the hon. member for Kings—Hants and would recognize his colleague which would complete the 20 minute portion.

Does the House give consent?

Some hon. members: Agreed.

Mr. Dennis Mills (Toronto—Danforth, Lib.): Mr. Speaker, I listened attentively to the member for Kings—Hants. He gave us a history lesson on what has been going on for the last few years. Some of it I agreed with, but I thought he would come forward today with some specific ideas. This is a day when we put all our ideas on the table. The Parliamentary Secretary to the Minister of Finance is taking notes on all the ideas and I noticed from the member's remarks that there were no new ideas here today. I am surprised and I want to say that the single biggest challenge we face as a nation is consumer confidence.

Consumer confidence right now is being challenged. It is very low. I would like to know if the member has any ideas on what we in the House can do in terms of giving recommendations to the Minister of Finance and the parliamentary secretary for the budget coming forward in three weeks or so. What can we do in this budget to stimulate consumer confidence so that we do not miss the Christmas cycle, which represents about 60% of a year's purchasing power, a year's consumer buying?

• (1305)

Mr. Scott Brison: Mr. Speaker, the member for Toronto—Danforth is right that consumer confidence was jettisoned after the events of September 11. Prior to that, the last bastion of optimism was in the consumer confidence area.

Clearly there is no better way to make Canadians feel optimistic and comfortable with the future than securing and ensuring that our trade with the U.S. is not jeopardized. That is one of the biggest fears currently, so our perimeter issues are extremely important, issues like defence, like funding for our military, CSIS, the RCMP and coast guard. These are the types of policies that are required now. We need to reverse the trend that the government has pursued in gutting these institutions, which has jeopardized our sovereignty.

Ironically, the government is dilly-dallying and dithering on perimeter issues under the guise of sovereignty. There is no greater threat to Canadian economic sovereignty than the loss or jeopardizing of that \$2 billion of trade per day with the U.S. The government has allowed itself to be dragged to the table, as opposed to leading as the Progressive Conservative government did under the leadership of my leader, the member for Calgary Centre, and Prime Minister Brian Mulroney at the time of free trade. That took leadership.

We need that type of leadership now. I thank the hon. member for Toronto—Danforth who earlier referred to a deathbed conversion on behalf of the Alliance. I do not know what they call it in Liberal circles when they flip flop on issues like free trade, the GST and deregulation, but it is not a deathbed. They are still living. I guess Liberals must have more lives than the rest of us mortals.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I as well enjoyed the sometimes caustic remarks from the member for Kings—Hants, but I also noted an absence of ideas, an absence of anything concrete that might be recommended here in terms of stimulating the economy or even in terms of availing ourselves of this opportunity to give some direction to the government in this prebudget period.

The hon. member did mention the 62 cent Canadian dollar. He pointed this out as a negative. Then he mentioned economic sovereignty in another context.

Would the hon. member agree with me that perhaps the biggest challenge to our economic sovereignty is not what I believe he mentioned, consumer confidence, but the fact that with a 62 cent Canadian dollar all of our Canadian industry sectors are vulnerable to foreign takeovers? As our country loses its economic sovereignty to foreign ownership, inch by inch and step by step we lose our national sovereignty as well.

Is it a concern of the PC Party that our economic sovereignty could be jeopardized through foreign ownership as a result of the 62 cent Canadian dollar?

Mr. Scott Brison: Mr. Speaker, I thank my friend from the New Democratic Party for his intervention. He may not have heard ideas he agreed with, but if he had listened closely he would have heard some ideas. I suspect the New Democratic Party is not with me on this capital tax elimination proposal.

That being the case, he is absolutely right that a low Canadian dollar certainly jeopardizes our sovereignty. We have seen our forestry industry effectively taken over. We have seen companies such as MacMillan Bloedel taken over by Weyerhaeuser. We have seen our petroleum industry largely taken over, with huge levels of takeover and unprecedented levels of acquisition by U.S. companies.

The hon. member's solution would be different from my solution. His solution would be to put up artificial barriers and try to pretend that Canada can live insulated from the pressures of a global economy.

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However I would suggest that the best way to address the issue of the Canadian dollar or the best way to address the question of our economic sovereignty or the threat of a U.S. takeover of our Canadian economic interests is to strengthen our productivity. The best way to address that is through major, broad based tax reform, addressing capital taxes, capital gains taxes, those taxes that pummel investment, that punish initiative and those taxes that hold Canadians back when the rest of the world is moving forward and seizing opportunities that we simply do not have here because of the visionless government that continues to dilly-dally as other governments leap further ahead.

• (1310)

Mr. Rick Borotsik (Brandon—Souris, PC/DR): Mr. Speaker, I appreciate the opportunity to speak briefly and will use only the remaining time. I have no difficulty with that for the simple reason that my colleague from Kings—Hants, the finance critic for our party, is very knowledgeable and understanding of the issues which face Canadians right now and which face the government as it tries to create the confidence in the Canadian economy that is required in these days of uncertainty.

I will reduce my time to simply say that my colleague did an extremely good job. He had some good ideas that he put forward to the House and to the government. As was indicated, if people do not wish to agree with or listen to those ideas it is certainly not my colleague's fault. No one can say he did not try to instill a change of direction into the rather lethargic economic pace of the government we have today.

I thank the parliamentary secretary for being here. I have had the opportunity to talk to the member for Markham on a number of occasions although not necessarily about the economic situation that faces us. Every chance I get I ask the member for Markham what the economy is like. He simply sloughs it off as his government and the Minister of Finance have done in the past.

However the member for Markham, the parliamentary secretary, has some good ideas. He was a chief economist for a very large corporation in Canada and he has implemented processes in the past that have stimulated his industry. However he acted in a proactive fashion. What we are seeing from the government is more of a reactive policy with respect to finance and economies.

I will give an example. We have asked the Minister of Finance over and over again in the last 12 months what the government sees happening in our economy and why there is a lack of confidence in Canadian society today. Unfortunately it is because the Minister of Finance in all his wonderful rhetoric rails upon what happened 8 or 10 years ago but does not put forward to Canadians what it is that he should be dealing with today to stimulate the economy.

If I have heard it once I have heard a dozen times about what happened in 1993 when the government took over with respect to the unemployment rate, deficits and interest rates. That is not what Canadians want to hear. When we ask the Minister of Finance what he is prepared to do to stimulate the economy he has no ideas. Let us not blame the member for Kings—Hants for not putting forward ideas. The Minister of Finance who should have the ideas has not demonstrated those ideas. That is deplorable.

I would rather hear some of the ideas of the parliamentary secretary. Perhaps he has some fresh ideas as to where the Minister of Finance should be going.

The first question we asked in the House was why there had not been a budget for some 600 days. A simple question should have a fairly simple answer. Why was the Minister of Finance so terribly embarrassed to bring forward a full budget in the last 600 days? He should tell Canadians why.

Why would the Minister of Finance not tell Canadians what the revenues were in the last fiscal year? Why would he not tell Canadians what the expenditures were in the last fiscal year? Why would he not tell Canadians what the surplus would be? The surplus figures have been fudged since the minister became the Minister of Finance.

Why could the Minister of Finance not do this? Was it because the PMO was not allowing him to do his job properly? Was it because other leadership contenders in the government benches would not allow him to put forward proposals he thought would be necessary to get us out of the doldrums? He cannot stick his head in the sand any longer.

Day after day economists tell us we are not only in a recession but a deep recession. Day after day economists tell us the falling Canadian dollar is putting us in a worse position to compete with our major trading partners. The Minister of Finance must come forward. He has been forced to do so. He says the events of September 11 have exacerbated the situation and forced him to come forward.

• (1315)

Let us not think that Canadians do not recognize that the situation existed long before September 11. The Minister of Finance cannot use that as his excuse. The government cannot use it as an excuse for not putting in place other policies, tax cuts and positions that were necessary prior to September 11. We want answers. We want suggestions. We suggest that the capital tax could and should have been cut.

This morning on television when I awoke I heard the president of the United States say that congress had better have a stimulus package on his desk by the end of November. That was leadership. That was the president of a country who said he knows what is happening and knows how to fix it.

Never once has the Prime Minister stood and said we must put in place a stimulus package to get things going. Do members know what he said? He said it does not matter if our dollar is 62.96 cents because it is better for exports. That is sticking one's head in the sand. That is letting the standard of living we have developed in Canada go continually down.

The parliamentary secretary knows we need a stimulus package. He knows we need tax breaks. Capital tax is a start. He knows we must make sure we are retroactive in dealing with trade with the United States. Some 80% of our economy comes from trade with the United States. The United States is showing protectionism with softwood lumber right now. It has attacked agriculture in the past. There will be a ruling in the WTO today regarding the American attack on the Canadian Wheat Board.

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If we do not have open access to our major trading partner our economy will suffer dramatically. Where are the proactive positions of the government to stop that from happening?

I am nervous. I am concerned. Canadians are concerned. The member asked what we would do to promote consumer confidence. What has happened in the past up to this point on those benches has done nothing to instill confidence into Canadians. That is the job of those members. They are the government. They should come up with the ideas, put the packages in place and let Canadians get on with their economic livelihoods. That is not happening at this time.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I must confess that notwithstanding the kind comments toward me from the hon. member I have a bit of a problem. I have been making notes on suggestions. I have a quarter to a third of a page from the Alliance, a quarter of a page from the Bloc and a third of a page from the NDP. When I come to the fifth party my page is blank. To be charitable I have three words: lower capital tax.

My question seeks to amplify what has been said before. Other than a statement of platitudes about needing higher security or a potted version of history, which I would dispute, I have heard absolutely nothing in terms of concrete suggestions as to what the budget should contain. That is the purpose of this debate.

Are the two leaders of the fifth party bereft of ideas? Do they have anything concrete to put forward?

Mr. Rick Borotsik: Mr. Speaker, if we were bereft of ideas we would have to sit on the government side. Obviously we do not, so we are not bereft of ideas.

Did the member not hear the words capital tax reduction? It is pretty simple. Did the member not hear the words reduce frivolous spending? He should have. Let us get the departments together and if there has been exceptional or frivolous spending in certain departments let us reduce that spending and put it into priority items.

Did the member not hear that we must make sure we are proactive in the trade we have between Canada and the United States? Does he need to sit back and say we should close the borders to our major trading partner? Is he suggesting that? We should make sure our borders are open to trade. If we do not our fiscal position will become even worse than it is now.

Did he not hear us say we should demonstrate confidence? Let the Prime Minister stand and give Canadians the consumer confidence that is lacking right now. He should show confidence. That is leadership. We have not seen any of that.

Where is the Prime Minister during this debate? He should be leading by example but that has not happened. The president of the United States has done that. Why has the Prime Minister of Canada not done the same?

Does the parliamentary secretary want more ideas? I would love to have a cup of coffee with him. We could certainly run the Department of Finance a lot better than it is being operated now.

• (1320)

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I listened with shock when I heard the hon. member for Brandon—

Souris speak. On the heels of \$100 billion in tax cuts, much of it to the middle class and to the corporate tax rate, we are entering a period of increased spending for the military because we find ourselves in a long and complicated military conflict. In the current situation the only thing the hon. member recommends is capital tax cuts.

The hon. member's party has been accused of being devoid of ideas. Is that all its members can recommend at this juncture in our history when we are going into a new budget that will require extra spending on the military side? Most people would hope opposition parties would come forward with recommendations as to from where the money would come so that it does the least harm.

To even suggest that this is a time for further tax cuts boggles the mind. The hon. member's party believes that is a panacea for everything as if people with toothaches could feel better by giving themselves a tax cut.

From what part of the budget does the hon. member believe the new spending will come? Will it come from the aboriginal issues raised in the Speech from the Throne? Will it come from transfers to the provinces through the CHST? Who will be asked to tighten their belts to pay for the extra money we need for this military intervention? What does the Tory party think about that?

Mr. Rick Borotsik: Mr. Speaker, I find it rather interesting that all of a sudden there has been a change of heart in the NDP. All of a sudden it feels the military should have more spending. I thought it was the NDP that did not support the military action and did not want to look at increased spending. I find inconsistencies in the position of the member from Winnipeg.

I said we should look at areas that do have frivolous spending attached to them. The first thing we should talk about is the potential \$1 billion going into Mr. Tobin's pet project. I think it started out as \$6 billion. Those new priorities—

The Deputy Speaker: The member causes me to rise again on the same matter as when I intervened earlier. I know that sometimes with all our enthusiasm we might get a little carried away so I caution the member for Brandon—Souris.

Mr. Rick Borotsik: Your caution is well taken, Mr. Speaker. I apologize. I should not have used the name of the Minister of Industry. However his pet project is not a priority expenditure line item right now. That should be identified in the budget that comes forward.

I understand that the minister of HRDC wants to expand her empire quite substantially. That is not a necessary expenditure right now as we enter an economic downturn and require expenditures of priority.

I see priority expenditures in defence, as I have just heard from the NDP. I see expenditures of priority in CSIS, the RCMP and certainly in agriculture. I say that honestly. I am sure the member from Manitoba would agree that agriculture throughout the country has a necessary expenditure attached to it because of the huge drought we suffered over the past year.

It can be done. We all do it in our own households. We make sure in our budgets that we live within revenues lines. We cut back where spending is not necessary and spend money where there is a priority.

Government Orders

That is all we are saying. We should have done this a long time ago. We should not have to wait until the 11th hour for the Minister of Finance to come forward with a budget when one has not been presented for almost two years.

Ms. Sophia Leung (Parliamentary Secretary to the Minister of National Revenue, Lib.): Mr. Speaker, I am pleased to take part in the prebudget debate. I will be splitting my time with the hon. member for London West.

I want to speak about the priority my constituents of Vancouver Kingsway request for the coming budget.

It is clear that our country has fundamentally changed since the September 11 attacks in the U.S.A. It is for this very reason that the security of Canadians has emerged as the number one priority for my constituents.

The government in recent weeks has taken some major steps to address this new reality. I would like to outline a few of them now.

The safety and protection of Canadians at the border is of paramount concern for all of us. The Canada Customs and Revenue Agency took on the important task of reforming border management by introducing Bill S-23, a bill that would modernize our customs system. The bill was passed last week by the House and received royal assent October 27.

The fundamental premise behind Bill S-23 was the concept of risk management. Advances in technology combined with our experience at the front line have paved the way for many of the initiatives contained within the bill. The expansion of the Canpass program, the expedited passenger processing system for airports, and the customs self-assessment program will all help to speed the flow of low risk personal and commercial traffic into our country. At the same time, those programs will free valuable resources to focus on those who would try to break our laws.

The horrific events of September 11 let us pause to think about how we manage our borders. It is important that this budget addresses the concerns of Canadians regarding the border by providing additional financial resources to ensure that trade and commerce in Canada continues to grow and flow to drive the Canadian economy.

Since September the Standing Committee on Finance has been conducting its prebudget consultations with various institutions and organizations throughout Canada. The committee has listened to Canadians, including my constituents.

It is very clear that national security is the most important issue for all of us. It will require increased financial resources for defence and security measures to support additional needs for customs, immigration, the RCMP and CSIS, et cetera. It is important that the budget addresses this new concern of Canadians.

Throughout the years Canadians have made sacrifices in order to reach the government's goal to eliminate the deficit. The Prime Minister, the Minister of Finance and the members of parliament have worked very hard to be able to use our surplus to offer \$100 billion in tax cuts over the next five years while at the same time increase spending on such things as the child tax benefit and

reinvesting in our national infrastructure innovations, education and green environment.

It is very clear that our economy is slowing and the surpluses as a result will be smaller. However we cannot allow ourselves to slip into deficit once again. This is what I heard from many Canadians.

The government has made it clear that we will continue to fulfill our commitment to health care, education and innovation programs for Canadians. I believe, despite a slowdown in our economy, that we must continue to invest in Canadians and ensure that our economy thrives in the long term.

● (1325)

In British Columbia, we are facing financial difficulty in the forest and tourism industries. We need economic stimulus from the federal government. The small and medium businesses have repeatedly asked for a capital tax reduction. The universities need support for their core funding.

I have no doubt that, despite the increased cost of national security, the government will continue with a balanced budget while providing the programs and services that Canadians need and want while avoiding any unnecessary spending and waste.

The people of Vancouver Kingsway and indeed all Canadians can expect that the government will be responsible for Canadians' needs. I hope the upcoming budget will be a fair and balanced one and one that will restore the confidence of Canadians.

First, the budget should support security measures to provide protection and safety for all Canadians. Second, it should fulfill the commitment for increased funding for health and education. Third, it should provide additional support for international development for peace and foreign aid. Fourth, it should keep Canada out of a deficit situation.

● (1330)

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I noticed that the member for Vancouver Kingsway opened her remarks by saying that the people of Canada have just come out of eight or nine long years of budget and spending cutbacks to where most people felt that the deficit was paid down on the backs of social spending.

I certainly agree with her because of the \$100 billion that we have now given away in tax cuts: \$30 billion came from the Canada health and social transfers to the province; \$30 billion came from the public service pension plan surplus; and another \$30 billion came from EI surpluses. I agree that after eight long years Canadians have just about had enough.

Now that we can see the light at the end of the tunnel again and we have had budgetary surpluses, we are told we cannot get into a spending mode and go back and deal with some of the social deficit because we now have this military intervention we have to worry about.

Government Orders

Given the fact that there is no longer a surplus but we now need a whole whack of money to go and fight this new war, and given the fact that Canadians are being told they will have to tighten their belts and water their wine down somewhat because of the military spending, where in the budget is she going to see the cuts happening? Will it be in aboriginal affairs? Will it be in the Canada health and social transfer? Where does she see this new money coming from and what direction would she give to her government in this prebudget debate?

Ms. Sophia Leung: Mr. Speaker, I have indicated that we will fulfill our promises and commitments, whether it be on tax cuts, health, education or any other social program.

I am not saying there will be cutbacks. I must stress that we will, wherever possible, attempt to ensure that there is no unnecessary spending or waste. We know there are perhaps delays in some programs. In the meantime, we have made commitments and we will fulfill those commitments.

Mr. Pat Martin: Mr. Speaker, the member for Vancouver Kingsway says that some programs may need to be put on hold and that maybe we will have to wait until the government introduces some of the things that were advertised in the Speech from the Throne, some of these things Canadians have been looking forward to after eight or nine long years of cutbacks and lack of social spending.

When she says that some things may have to be put on the back burner, I wonder what she means and what issues her government is contemplating. The information we have gives us reason to believe that some spending will go toward aboriginal issues which was much vaunted in the Speech from the Throne. People welcomed the fact that the government was finally going to deal with some of the terrible backlog of need in aboriginal communities.

Does the member think that perhaps aboriginal affairs will be one of the things that might have to be put on the back burner? In other words, will someone be dipping into the budget or future budgets or the future spending plans of aboriginal affairs to fund the military intervention?

• (1335)

Ms. Sophia Leung: Mr. Speaker, I think the beauty of the House and the reason we have debates is so members, who feel that certain social programs are a high priority, can speak up.

In the meantime, I have confidence in the Minister of Finance and in the finance committee. We will take into consideration all the suggestions from the House.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, the parliamentary secretary to the minister responsible for the Canada Customs and Revenue Agency suggested in her speech that the government was open to different ideas. I wonder how open she thinks the government is to the idea coming forward from the Ministers of Industry and Human Resources Development to spend apparently \$6 billion additional dollars on corporate welfare and on some Internet scheme.

The member sits with me on the finance committee. I do not think we have heard a single witness ask for more corporate welfare or job

creation schemes but we have heard a lot of talk about the need to eliminate the capital tax and reduce EI premiums to create more jobs.

Will the minister not agree with me that it is a much greater priority to reduce job killing taxes than to sink more public money into job creation schemes which we know do not work?

Ms. Sophia Leung: Mr. Speaker, I thank the hon. member for his suggestion. I would not place numbers in any order as to requests from programs. We have confidence in the finance committee to listen to all suggestions. In the meantime, we will present it to the Minister of Finance. He is also trying to get all the different suggestions to see which are more important. It is very basic. We have to live within our means, and in the meantime decide which is the higher priority.

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, I would like to say what my personal priorities are. Hopefully these reflect the views of a number of my constituents on issues that have been raised across the country and in a prebudget debate that was held in my riding a couple of weeks ago.

I will start from the premise that fiscal credibility is important to our government. Fiscal credibility was paid for by Canadians. It was paid for by processes and successive prudent expenditures, prudent investments and prudent budgeting which have brought us to the point where we can enjoy the \$2 billion plus of savings on interest on our national debt. This brought us to the point before September 11 where we were looking at a very large skills and learning agenda and a very large innovation agenda. These are good, positive things for Canadians to invest in. I believe there is a difference between spending without thought and true investment that is stimulus.

So many hours, so many days of weeping and wailing have been spent wondering whether or not we were going to have a budget. Whether or not it was called a budget, there were \$100 billion of tax cuts spread over five years and \$20 billion went into health care. A year ago many things went through this parliament and were effective. President Bush, our neighbour to the south, had to wait for the legislation but we were already on that train and that is part of the stimulus that will continue.

Most Canadians would agree that we should not go into a deficit position at this point in time. I have heard from some people who are willing to go with a debt to GDP ratio that continues downward which would allow for a few billion dollars in deficit in one year. Fiscal credibility is important psychologically at this point in time. The prudence that has been the hallmark of our government, even though it has not been the traditional Liberal philosophy is the current Liberal philosophy. We are an accountable government. We have made proper investments.

Government Orders

Turning to my priorities in investments, I come from London, Ontario. I represent a city that is very rich in industrial research capacity, medical research capacity, engineering and social science research capacity. Over many years the government has talked about having moved Canada up the scale from being one of the lower countries in the OECD to being fifth in the world in supporting R and D. This is a valid investment. There can be no interruption in the current flow of money to research and development in my opinion.

Another issue that has been spoken about in research circles is the indirect cost of research. The part of me that thinks with a jurisdictional hat says that historically at our post-secondary education facilities the infrastructure supporting all of this work has been borne by the provinces. However it is our productivity agenda. It is our innovation agenda. Therefore I believe there is no more capacity for these researchers to absorb the cost of their work if we are not contributing in some way to the soft costs of doing that research, whether it occurs in a university or in a hospital. I come from the province of Ontario where unfortunately per capita spending on post-secondary education is the lowest of all the provinces and territories. That is an appalling situation but it happens to be the truth.

If this cannot be done in this budget, I would ask the Minister of Finance to put a marker on the table so that the research community knows that this is a concept that has been agreed to, understood and will go forward. I would urge that there be some start in this budget. The position has to be made very clear so we can extend hope to all the people who are helping with future productivity in Canada. That is very important not just for my riding, but it is important across the country, whether that comes from our granting councils or the CIHR, which took over from the Medical Research Council of Canada.

• (1340)

There are some fine point tools that we can utilize. On October 12 when I was in my riding the United Way asked for favourable tax treatment on capital gains when people donate stocks to charities. The United Way was very pleased to see that was extended permanently. The tool is appropriate for use in public foundations also.

More and more as governments, especially provincial governments, circumnavigate themselves into a corner by putting the no deficit legislation into place, we are going to be looking to our charities and our public foundations to help carry the weight of the true social need that exists in the country. That is a technical provision which I do not think will cost large sums of dollars to the fisc. However it will have an incredible impact on donations by concerned corporations and individuals in this country to transfer shares by having a more favourable capital gains tax situation. That is being extended to the charities right now. There is no logical reason that the foundations could not get similar treatment.

I would like to talk about the aboriginal communities. One of the reasons I asked my government to go on the finance committee was so I could move the aboriginal agenda forward. There has to be sufficient funding to continue all of the necessary work. It is true that the standard of living enjoyed by most Canadians is not shared to the same degree by our aboriginal communities. This is a necessary

agenda. It seems that some communities always are told to wait. There is always a reason that we cannot take care of their needs.

The needs are pretty basic in the aboriginal communities. They are safe water, housing and education needs. We should understand as a government that the demographics of this particular population is different from that of average Canadians. There is going to be a huge increase in aged people in the non-native population but it is the reverse in the native population. In fact there is going to be a 25% increase in aboriginal youth before 2015. All of those youth need the tools to be educated and the department is the all encompassing vehicle for transfers at this time, unless they come out from under the Indian Act like the Nisga'a which I celebrate. They need those funds.

A number of people across the aisle have talked about human capital and I concur. My metaphor for this budget is an accordion. Some programs, for instance the security programs, will have to be squeezed in. In other words what might have been a five year roll out on security items and security spending perhaps will have to come down to a one year or two year roll out. Obviously that will have to go up and that means that type of spending will not be a one time hit. It is something that Canadians are demanding.

There are ongoing security needs in our country, not only for personal safety reasons, but economic security as well. This includes making sure our borders are working properly and that low risk goods and people get through in a timely manner. All of our resources, whether human intelligence resources or enforcement resources, must be there to help our markets work properly. We are a trading nation. We have to have the confidence at our borders and in our land of all of our trading partners to make our economy work.

The security agenda is high on my list but I see other areas being expanded a bit. I believe in our innovation agenda. I believe in our jobs and skills agenda. If it is necessary in the very short term to roll out those programs a little slower, it is not saying we do not value what we are doing. I am just saying we must live within our budgetary means. This is important to Canadians.

Many valuable tools, techniques and programs are being put before us. No one in this Chamber does not want the preservation of our environment. No one in this Chamber does not want a federal park that we can all enjoy. Perhaps we cannot acquire the 14 parks that we say we need to complete the infrastructure of parks across the nation right now. Perhaps that is not on the table today. Maybe we should be doing the options to lease around the parks where we think we will be working in the future trying to make sure they are there when we do have the fiscal capacity.

Government Orders

• (1345)

This is an important debate. It cannot be about the historical context or the wish list because from what I have seen, everybody comes to the table saying, and very rightly so, that their investment is more important and is the one that needs to be funded. Most of them could be funded if we had a wish fountain but in reality we have tax revenues. Our economy is now slower than it was and that means there is less money coming into our fisc. There may be more drains on it as people need temporary employment and to get to their next period of employment, assistance from the government.

It is interesting that for the first time across the country, including the west, I heard that there is an important role for government in the lives of people. On September 11 it was not the private corporations that they looked to for security, it was the government. We have to fund properly our security element which has a military element.

To my mind there is a division between the military component and the security component. How I have interpreted what I have heard across the country is that it is not so much a discussion about hardware as it is about humans and using technology properly.

Even the technology costs are not going to be a one time cost. Nobody has ever set up a technologically advanced office and said that now that they have bought a computer, that is it and they do not have to do anything for the next 20 years. We all know that updates are needed. Even the hardware is not a one time cost when we get into biometrics at our borders. These are important points to consider.

I want to talk about dedicated taxes. I heard that especially with respect to highways. Dedicated taxes take away from the flexibility of governments to react appropriately in times of crisis and need.

It is with very good reason that money comes into the federal government by way of general revenues. Those people arguing, and they know who they are across the country, that they have spent so much on a certain tax and therefore so much should be reinvested, cannot understand that if everybody had their silo of dedicated taxes, we as a government could not respond to the true needs. The true needs are here and abroad.

I will put one small marker on the table. Historically Canada has done a very poor job overseas as a percentage of GDP in contributing to international assistance. We, with many countries, had a goal of 0.7 of 1% at one time. We are well below that.

Even if the foreign aid goes more to the good governance envelope, which I firmly believe should be part of the agenda, there are situations where we are spending money overseas on military and peacekeeping operations where if the governance of a country, the strength of the democracy of a country were there and assisted in the first place, perhaps we would not be going out in a military fashion after the fact.

Canada has a role to play. It is a very small portion of the overall budget picture and I would not like to see it abandoned at this time.

• (1350)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I wish to congratulate the member for London West with whom it

is my privilege to work on the Standing Committee on Finance. She does her work very seriously and most competently.

I agree with what she said about indirect spending on research and development. The fact that research grants do not apply to indirect spending on equipment or infrastructures remains a major concern of academics, not just in the health sector but in all other sectors as well. It is beginning to get in the way of scientific research and technological development.

When there is an economic slowdown, such as the one we are now experiencing, which may well go on for the next few months, the first spending to be sacrificed is spending on research and development by business in particular.

When universities are asked to tighten their budgets, the first thing to go is research. So on that score I agree completely with her analysis.

However I would really appreciate it if, during the next meeting of her caucus, the member could ask the Minister of Finance to stop saying whatever comes into his head about the surplus, to stop misleading the public and to give the real picture.

My greatest fear in connection with the next budget is that, in a situation where people need to be encouraged and given support, the Minister of Finance will play exactly the same game he has been playing for the past five years, which is to misrepresent the real surplus so as not to have to do what he should.

I urge her, because I can see the member's great ability and determination, to convince the Minister of Finance to stop saying any old thing and to come up with real measures in the next budget to stimulate the economy and help those who have lost or who are at risk of losing their job.

Can we count on the member for London West to take this up with the Minister of Finance?

[*English*]

Mrs. Sue Barnes: Mr. Speaker, I can assure the hon. member that any chance I get to talk to the Minister of Finance I do and I make my views very clear. I also wish we had those billions of dollars. I do not think they are in the surplus right now. It will be very difficult right now.

The problem with trying to propose a budgeting measure that goes forward to the future is that, as an economist knows, we are using numbers on which we do not have the most up to date numbers. Our real numbers are history. We are really working with the projections.

I am pleased he concurs on the soft costs or the indirect costs of research. This is an important time for researchers. They have hope that they have not had for many years. I agree that the worst thing we could do is to interrupt that in any way, shape or form.

S. O. 31

The increases might not be as much as if September 11 had not occurred. However the marker has to go down and something has to be mentioned, hopefully in the budget text itself, about the indirect costs of research.

I also enjoy working with the hon. member on the finance committee. Many of us work every day. We have had over 70 meetings. However, for many reasons we cannot attend all those meetings. We all work with the best interests of all Canadians at heart, including Quebecers.

• (1355)

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I thank the hon. member for London West for using her time to raise some very important issues, not the least of which is the budget line dealing with aboriginal issues. She is as aware, as are all of us, that a key factor in the Speech from the Throne dealt with the idea that it was finally time to address some of the backlog of social needs which existed in aboriginal communities.

Some of us are apprehensive now that first, there is less of a surplus or no surplus at all and, second, there is an increased spending line which will be necessary for this military intervention.

We have reason to believe that those who will be to be asked to tighten their belts to pay for the military intervention are the very people who need support and have been promised it in this Speech from the Throne.

Will she give us her commitment or at least her point of view, as a member of the finance committee and a member of the Liberal caucus, that she will push to make sure that the spending for the military intervention does not come out of the budget line of aboriginal affairs; current spending or future programs?

Mrs. Sue Barnes: Mr. Speaker, I am certainly not the Minister of Finance. However spending on aboriginal affairs is a necessity in Canada especially when we are talking about education. We cannot afford to waste the potential of people. We cannot afford to take away hope.

We must be concerned with the demographic signals that are out there right now. The children who are very young will either be drains in their own life and not be happy or they will be productive members of Canadian society.

We have ways, means and tools that we know can work and have been shown to work when there is goodwill among all three levels of government and in the House to move forward treaties.

When people have a land base they get economic viability and move outside the current Indian Act. I saw this when I chaired the aboriginal affairs committee during the Nisga'a agreement. I think we will see a productive society in the Nass Valley that could not have occurred as easily inside the Indian Act. My vote goes in that direction.

STATEMENTS BY MEMBERS

[English]

LANDMINES

Ms. Colleen Beaumier (Brampton West—Mississauga, Lib.): Mr. Speaker, Israel's military withdrawal from South Lebanon left the area heavily contaminated with landmines. Most remain unmarked and unfenced. This is a serious threat to the lives of thousands of displaced civilians returning home.

In the month following the withdrawal 99 people were maimed and 20 were killed. Landmines have accounted for 80% of the mine related casualties registered in the last year.

While UN peacekeepers are co-ordinating mine clearance activities in the region the maps provided by Israel are incomplete, making mine clearing very unsafe. The UN reports that over 100,000 landmines exist throughout the region, their exact locations unknown.

The Ottawa convention demands that each state in a position to do so shall provide assistance for mine clearance and related activities.

I encourage our government to seek creative ways to help solve the crisis in South Lebanon and attempt to accelerate the process of clearing these hidden killers by asking the Israeli government to provide full disclosure of all maps, and for Canada—

The Deputy Speaker: The hon. member for Richmond.

* * *

• (1400)

TORONTO SUN

Mr. Joe Peschisolido (Richmond, Lib.): Mr. Speaker, it is a great pleasure for me to rise today to pay tribute to the little paper that grew on its 30th anniversary. Thirty years ago today the Toronto *Sun* was born.

The vision of Douglas Creighton and Peter Worthington led a small bunch of reporters, editors, production people and photographers to start a new alternative newspaper in the most competitive media market in Canada.

From its humble beginnings in Toronto the *Sun* chain has now moved right across Canada. "Get it first, get it fast and get it accurate" has long been the motto of the *Sun*. They should be proud to know that readers see this reflected in their morning paper every day.

On behalf of my leader and my caucus colleagues in the Canadian Alliance I offer my congratulations to the Toronto *Sun* and all its employees.

* * *

[Translation]

4-H CLUBS

Mr. Claude Duplain (Portneuf, Lib.): Mr. Speaker, from October 29 to November 4, we honour 4-H clubs.

In Quebec, 4-H clubs attract young people who care about improving and maintaining the quality of our environment. Together, they work to protect trees and forests.

Moreover, by joining these clubs, young people develop a respect for others, a sense of responsibility, creativity and initiative.

The first 4-H clubs in Quebec were established in 1942. Today, many young Quebecers wear the motto "Honneur, Honnêteté, Habileté, Humanité" on their coat of arms.

As in the other provinces, 4-H clubs in Quebec are taking advantage of this week to inform the public about their activities. I invite the public to take an interest, and young people to participate. You will make interesting discoveries and you may find a new passion.

* * *

[English]

TRANSPORTATION

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, public transit in Kitchener is getting a facelift thanks to a new project announced this week. VIA Rail has announced an additional mid-morning and late evening link between Kitchener and Toronto. As well, the federal government is contributing \$350,000 to renovate the local train station for improved access and service.

This new service makes good sense for the environment and provides a practical alternative to congested highways. Transportation is one of the single largest sources of air pollution in Canada. In urban centres it accounts for up to two-thirds of smog forming pollutants and for 27% of greenhouse gas emissions.

The expanded service enables commuters to park their cars. Sustainable transportation encourages travellers to make use of active transportation instead of relying on single occupant vehicles.

I ask the House to join me in congratulating the local members of Transport 2000 for their perseverance in supporting this much needed project. Clearly Kitchener is on the right track.

* * *

VICTIMS OF VIOLENCE

Ms. Judy Sgro (York West, Lib.): Mr. Speaker, on Sunday, October 28, I attended a mass memorial service for young victims of violence that was organized by the Black Action Defence Committee. We remembered the lives of young black men who had been slain prematurely and offered our condolences to the mothers, fathers, siblings and children of these victims of violence.

In the past five years over 100 black men in Toronto have been killed by other youth. Their murders remain unsolved. This cycle of violence must stop.

Valerie Steele, president of the Jamaican Canadian Association, says clearly that the black community is planning a new strategy, one that involves education, policing, housing and job opportunities. They will be working on it with the federal government.

I call on all members of the House to support this community based approach. We must console those who have lost their loved

ones to violence, unite to address the causes of hopelessness and anger, and build a brighter future for our youth.

* * *

DMYTRO PRYHODA

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, today in Edmonton Mr. Dmytro Pryhoda celebrates his centenary with his family and friends. Born 100 years ago in Ukraine, Mr. Pryhoda left his wartorn country in 1927 to make a new life in Canada. The Canadian Pacific Railway became his workplace for 40 years until his retirement in 1966. Dmytro's wife of 57 years, Rose, passed away in 1989.

Family and faith are two important pillars that Ukrainians cherish in their new Canadian communities. St. Barbara's Russian Orthodox Cathedral will be particularly honouring Dmytro this Sunday.

I am sure I speak for all in the House as I wish Dmytro well today.

[Editor's Note: Member spoke in Ukrainian and provided the following translation:]

Wishing you many more years, Dmytro.

This day is yours. Enjoy.

* * *

● (1405)

CHINESE CULTURAL CENTRE

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, last Friday the Minister of Canadian Heritage and I had the pleasure of attending the annual fundraising dinner of the Vancouver Chinese Cultural Centre.

The dinner marked the 28th anniversary of the Chinese Cultural Centre. The centre has been a leader in the Chinese community in Vancouver by helping to promote racial equality, cultural understanding and the celebration of Chinese Canadian heritage.

It is particularly appropriate that I give the tribute during the International Year of Volunteers as the many hardworking individuals who give their time to the centre are volunteers.

The Chinese Cultural Centre is the kind of outstanding organization that makes Canada such a vibrant society.

* * *

[Translation]

TRAVEL AGENCIES

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, the travel and tourism industry has suffered and is still suffering from the September 11 events.

Travel agencies are among the hardest hit. Most of them are small businesses that lost their revenues when the airspace was closed.

Their work is intimately related to that of airlines, since they are often the ones that print tickets and deal with customers.

S. O. 31

The U.S. government has already designed a program to help travel agencies that are suffering. However, no such measure has been taken in Canada.

The Association of Canadian Travel Agents is asking, justifiably so, to be compensated for losses estimated at \$20 million.

I remind the Minister of Finance that if it was important to help airline carriers, it is just as important to support travel agencies. Otherwise, tens of these small and medium size businesses will disappear in each of our ridings.

* * *

[English]

PERFORMING ARTS

Mr. Eugène Bellemare (Ottawa—Orléans, Lib.): Mr. Speaker, I extend congratulations to the recipients of this year's Governor General's Performing Arts Awards. These awards celebrate the lifetime achievements of Canadian performing artists. This year marks the 10th anniversary of the first awards ceremony.

[Translation]

The recipients of these awards reflect the tremendous talent that exists in Canada. I invite hon. members to join me in recognizing the exceptional achievements of the following artists: conductor Mario Bernardi; actor Christopher Plummer; singer Diane Dufresne; ballet dancer Evelyn Hart; author and radio personality Max Ferguson; and filmmaker Anne Claire Poirier.

I also want to congratulate the winner of the volunteer award, Thea Borlase, and of the National Arts Centre award, Edouard Lock, and his La la la Human Steps dance group.

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[English]

DOWN'S SYNDROME

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, November 1 to November 7 is National Down's Syndrome Awareness Week. Currently 1 in 900 children in Canada are born with this chromosomal disorder. It causes delays in the physical and intellectual development of these children.

While this disorder seems to be a limiting factor, many individuals with Down's syndrome are able to lead active and productive lives. They have many unique abilities and strengths. Down's syndrome adults are able to live independently, hold jobs and contribute to their communities.

During this awareness week I applaud the organizations and community groups that help those with Down's syndrome. I also congratulate those individuals with Dow's syndrome and their families as they face limitations with strength and determination.

* * *

[Translation]

REMEMBRANCE DAY

Ms. Diane St-Jacques (Shefford, Lib.): Mr. Speaker, in November, poppies suddenly appear on the jackets, coats and hats of Canadians.

Wearing a poppy is a way of paying tribute to those who died in war, peacekeeping operations or conflicts.

During the Napoleonic wars, writers noted that poppies flourished on the graves of dead soldiers. This flower became the symbol of remembrance in Canada in 1921.

The poem by John McCrae expresses very well the significance of wearing a poppy. Here are a few lines from the poem:

We are the Dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved, and were loved, and now we lie
In Flanders fields.
Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders fields.

In honour of our soldiers, I urge everyone to wear a poppy.

* * *

● (1410)

[English]

SOFTWOOD LUMBER

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, things cannot get much worse. Up to 30,000 workers in B.C. alone will be forced into unemployment, devastating small communities and local businesses. This is the real and terrible impact on Canada's \$10 billion softwood lumber industry, 60% of it in B.C., as a result of the new U.S. duties that are blasting our economy.

It is outrageous that the U.S. government will not play by its own rules and ignores that Canada has won three rulings from international tribunals which agree that Canada is not dumping into U.S. markets.

We call again for the federal government to negotiate fair and unrestricted access for softwood lumber entering the U.S. We urge the government again to commit to an income support program for workers hit by this crisis. We need a national solution, not one that allows individual cave-ins by B.C. or any other province.

The NDP urges the government in every possible way to make resolution of this crisis an immediate priority. People's livelihoods depend on it.

S. O. 31

[Translation]

SOLANGE CHAPUT-ROLLAND

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, it was with sadness that we learned this morning of the death of Solange Chaput-Rolland at the age of 82.

Despite our differences of opinion with respect to the future of Quebec, Solange Chaput-Rolland always defended what she believed to be in the interests of Quebecers. She made a rich contribution to Quebec society as a politician, a journalist and an artist.

Solange Chaput-Rolland was a journalist and a television commentator. A prolific author, she relied on her extensive political experience to co-write the popular television series *Monsieur le ministre*.

Solange Chaput-Rolland was, successively, a member of the Pépín-Robarts Commission, an MLA in Robert Bourassa's second government, and a senator in the Parliament of Canada. Her contribution to Quebec society was recognized in 1985, when she was made an officer of the Ordre national du Québec.

On behalf of Bloc Québécois members, I offer our deepest condolences to the family and friends of Solange Chaput-Rolland

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CANADIAN ASSOCIATION OF BROADCASTERS

Ms. Carole-Marie Allard (Laval East, Lib.): Mr. Speaker, the Canadian Association of Broadcasters has been holding its 75th annual convention in Ottawa for the past few days.

One of the activities of the congress was the awarding of scholarships by a number of private broadcasters, Astral Media, Canwest Global and CTV, to name but a few, along with BBM Bureau of Measurement, to outstanding students in journalism and communications. Nine students in all were selected.

I had the pleasure of presenting the scholarship from BBM Bureau of Measurement to a young woman from Laval, a resident of my riding, named Élise Breault.

Élise attends the École des Hautes Études Commerciales in Montreal. She is 24 years old, and proposes to enrich the Canadian broadcasting industry by examining experiments in other countries.

Well done, Élise and the rest of the winners.

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[English]

LUMBER INDUSTRY

Mr. Gary Lunn (Saanich—Gulf Islands, PC/DR): Mr. Speaker, as of yesterday U.S. tariffs on softwood lumber now exceed 30%. As a result, the Canadian forest industry is now paying out \$9 million to \$10 million every single day. Further job losses are guaranteed.

In the face of these pressure tactics, we need to do the following. First, we must stand firm. We must not cave. We must fight to make sure we get free trade for the Canadian forest industry across this country.

Second, we need to work with our consumer allies in the United States. Americans who want free trade with Canada far outnumber those who want to destroy it.

Most important, the Liberal government has to have the will and the resolve to try to resolve this issue. Right now it has not. When the minister stood yesterday and said that some time next week he may get to Washington, that was not good enough.

Our Prime Minister has to become directly involved. It has been almost six months since the softwood lumber agreement expired. We knew for years that this was coming, yet the government has been content to do nothing.

Be assured that if the government insists on doing nothing, the Canadian forest industry will be left with nothing.

* * *

RAIL INDUSTRY

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, today, November 1, marks the rail industry's annual day on Parliament Hill.

How many times since September 11 have we said in this House and elsewhere that things have changed? What has not changed is the importance of our rail sector to our national economy.

If we speak directly to the implications for cross-border trade with our American partners, it is clear that border efficiencies will have a significant impact on both our economies.

The economic importance of improvements to allow for the free but secure movement of trains and trucks across the Canada-U.S. border cannot be overstated. The federal government will continue its role in initiatives that facilitate cross-border movements of freight and passengers in all modes.

In the words of Bill Rowat, president and CEO of the Railway Association of Canada, the Canadian rail sector is on track for the future to make an important contribution to Canada's prosperity.

* * *

● (1415)

GROUND ZERO

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, this week the foreign affairs department released the names of the 24 Canadian victims of the World Trade Center attacks. The names, the faces, the emerging stories about those people and their loved ones remind us once again of the tragedy of September 11.

I rise in the House to let the families of the men and women who died at ground zero know that we stand alongside them. I rise to let them know that parliamentarians on all sides of the House share their grief. We will remember them.

The Prime Minister has denied a request to hold a national memorial service. It is our hope that the Prime Minister will reconsider this request.

Oral Questions

As we remember the grief and loss of September 11, we must also lift up the timeless truths and comforts found in religious faith. Canada is richly blessed with a diversity of spiritual traditions and we welcome this diversity. Let us not ignore it. As a nation we grieve. As a nation let us lay these Canadians to rest.

ORAL QUESTION PERIOD

[English]

NATIONAL SECURITY

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, at a time when Canadians are losing jobs, the dollar is at an all time low and the United States is worried about our security perimeter and border access, our government should be pursuing a priority of a North American security perimeter. Instead of that, it fights over what it should be called. Even some of its own ministers are saying that they should not be fighting over such silliness.

When will the government stop its silly game of “You say tomato; I say tomato” and get on with negotiating a security perimeter for North America to protect our citizens and Canadian business?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I say that the premise of the hon. member's question is nonsense. In fact, his question is like a squashed tomato because we are having discussions with the United States on better ways of co-operating with respect to our common borders. The Minister of National Revenue is in Washington today to have discussions along these lines.

We take these matters very seriously. We are making progress on them, and this was confirmed by the U.S. ambassador in an interview on television yesterday.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I would like to repeat what the U.S. ambassador, since the minister has raised it. He said that there has to be a sense of urgency about this, that we should not be just talking about these things and that it needs to move ahead and be done within a year.

Will the Prime Minister commit to negotiations and assure our American neighbours that we will implement joint immigration controls, joint screening of airline passengers and common visa policies to protect our perimeter, to protect Canadian trade and to protect our citizens? He should be specific.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, we are looking at all these matters. Our officials are examining them in co-operation with American officials. We treat these matters with real urgency and we are making real progress.

American officials have said that there is excellent co-operation, and this should be underscored.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): They have been looking for too long, Mr. Speaker, and they are not looking too good.

[Translation]

With a struggling economy and the dollar at an all time low, we need a North American security perimeter.

Does the Prime Minister commit to making a North American security perimeter an immediate priority?

[English]

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the American ambassador said on *Canada AM* yesterday:

Some people have put a spin on this that we want to eliminate the Canada-U.S. border. We have never suggested that. We have no plans to suggest that. We're talking about using technology as an ally on the U.S.-Canada border...some people have tried to spin this out of control.

If we look at what the American ambassador has said, it is directly in line with our approach, and he has certainly not adopted the fallacious Alliance approach.

• (1420)

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, the U.S. is really quite serious about this security perimeter. In spite of the infighting, we would like to propose something from the U.S. It asked for a specific proposal: visas from visitors from the Saudi Arabia.

Some of the individuals involved in the tragedy were from Saudi Arabia. Will the government consider visas for visitors from Saudi Arabia and show the U.S. good faith in these negotiations?

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, over the last number of days we have repeated on numerous occasions in the House that we are discussing with the Americans a number of issues as they relate both to visas and to greater security.

I want to assure the member opposite that if he or anyone else has good ideas of things we should be talking to the Americans about, I ask them to give us those ideas.

Mr. Grant Hill (MacLeod, Canadian Alliance): I could give quite a list, Mr. Speaker, and I do not hear any listening.

Visas from Saudi Arabian visitors is one thing. Here is another suggestion coming from the U.S. It would like to share passenger manifest information for individuals visiting from Canada.

I have another question for the government, and it is a constructive suggestion. Will we share passenger information with the U.S.? Yes or no.

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, on greater border security for both Canada and the United States, there are a number of issues which are under active discussions with our American neighbours.

I want to quote American Ambassador Cellucci who said it very well. He said:

This is about working together. And that's exactly what both countries are doing right now.

He also said:

But I don't think anyone is saying you have to have exactly the same immigration policies.

*Oral Questions**[Translation]***SOFTWOOD LUMBER**

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the many regions of Canada and Quebec that depend on the forestry industry were already hard hit by the U.S. countervailing duties on softwood lumber.

But yesterday, the United States announced an additional antidumping duty of 12.6%, which further affects business and workers.

To support our regions, will the Prime Minister commit to asking President Bush to respect the spirit of the Free Trade Agreement by suspending all American duties on softwood lumber until the WTO issues its ruling?

[English]

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, the member will know that the Prime Minister has raised this issue with President Bush on several occasions and as recently as at APEC last week in Shanghai.

Our policy is to proceed on a two track approach to this. We have filed at the WTO on October 25, and a series of intensive discussions with American and Canadian officials continues. However the solution to this is very clear and it has been clear all along. The Americans need to live up to the free trade spirit they claim to adhere to.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Prime Minister may well have spoken to President Bush about this at APEC last week, but this decision was made yesterday at noon, and it is more urgent than ever.

I think that he must make another call, especially since the American allegations have always been rejected. Softwood lumber is not subsidized and the United States is well aware of this. What the Americans are doing is using stalling tactics; meanwhile, our industry is suffering.

Will the Prime Minister tell President Bush that we have had enough of their free trade talk and their protectionist walk? They will have to be consistent, and the Prime Minister needs to set things straight with the U.S. president.

[English]

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, it is not often that I have seen the hon. member be naive in the House of Commons. However, I am afraid he is if he believes that the president of the United States is not subject to all kinds of pressure in his congress and that we do not have a situation where he needs to work with congress for certain other initiatives which he wants to take. The fact is his administration has been supporting this.

Privately we can get a different message, but publicly it is very clear that our approach has to be to consistently go forward with a two track policy and with a legal approach, if necessary, which we will win again. At the same time, we have to proceed with the discussions we have been having and which continue in Washington—

The Speaker: The hon. member for Joliette.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, the economy of regions in Quebec will be hard hit by the Americans' decisions to impose anti-dumping duties on top of countervailing duties, for a total of 30%. Yesterday, the Minister for International Trade said he was prepared to organize a meeting of the stakeholders at the appropriate time. I hope he got the message from the industry, which is asking him to organize the meeting.

Since the stakeholders in the softwood lumber industry want a meeting immediately to be sure that everyone is working together, does the Minister for International Trade intend to invite everyone to a meeting as soon as possible?

● (1425)

[English]

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, surely the hon. member realizes that the minister and his officials are in daily contact with the stakeholders in this situation. We have tremendous support from the provinces. We have the support of most people in the industry. There are a few nervous nellys in one part of the country, but most of the industry supports the Minister for International Trade. He is showing outstanding leadership in keeping this consensus together and is in daily contact with those people who are affected by this file.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I do not have the impression that the parliamentary secretary reads the same papers or the same press releases we do from industry representatives who are demanding a meeting immediately.

Is it not time for Canada and its American allies to launch a vast advertising campaign in the States to explain to Americans what they are doing to the Canadian industry, their prime trading partner, and to explain to American consumers that it is they who are footing the bill of the protectionist policy of their government and industry?

[English]

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I am sure my colleague is aware that there have been a number of initiatives taken by this government in the United States through the Canadian embassy, through a trip of the parliamentary subcommittee, which he and I attended, and through visits by the Canadian Parliamentary Association to build support in the United States because they understand that the American consumer is being unfairly hurt by the inefficient practices in the United States.

*Oral Questions***ANTI-TERRORISM LEGISLATION**

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, more and more Canadians are joining our call for a sunset clause in Bill C-36, the Canadian bar, the Canadian Human Rights Commission, the Newspaper Employees' Guild, Canadian Civil Liberties, the Security Intelligence Review Committee, the Special Senate Committee and others.

It is time for the Prime Minister and the Minister of Justice to send a clear signal that they will support a sunset clause. Will they do that today?

Hon. Anne McLellan (Minister of Justice, Lib.): Mr. Speaker, what it is really time for is respect for the work of the House of Commons Standing Committee on Justice and Human Rights. It has in fact been working hard. I am going to return to that committee late next week. At that time, the committee and I will engage directly in a discussion around issues surrounding review mechanisms, be it a three year review or other proposals that I am sure members of the committee will put forward.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the justice minister is conveniently ignoring the fact that Bill C-36 is a particular threat to visible minorities and that is why there is a split in this caucus.

If the Prime Minister refuses to listen to Canadians, perhaps he can listen to his colleagues. They are worried about this bill and its potential for abuse. Instead of bullying them, perhaps the Prime Minister could start listening to them.

Why will the Prime Minister and the Minister of Justice not act on their advice and commit now to a sunset clause?

Hon. Anne McLellan (Minister of Justice, Lib.): Mr. Speaker, again let me make it absolutely plain that the definition of terrorist activity in this legislation does not target minorities. It does not target religious groups. It targets terrorist activity. It targets terrorist organizations and their supporters, those who would kill, those who would maim and those who would destroy innocent civilians.

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NATIONAL SECURITY

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, my question is for the Deputy Prime Minister. Canada has no comprehensive program to manage our borders and to protect the quick and free movement of goods and services within North America.

If Canada continues to wait, the Americans will impose a made in America model for border management.

Will the government propose a binational border management agency, a Canadian initiative that would assert our sovereignty and jointly monitor and manage the movement of goods and people into and out of North America?

• (1430)

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, where has the hon. member been the last number of years? Since 1995 we have had with the United States a Canada-U.S. shared border accord.

We have built on that with a Canada-U.S. shared border forum. We are pursuing the discussions based on existing agreements.

My hon. friend has an interesting idea but the world has gone on without him.

Ms. Val Meredith (South Surrey—White Rock—Langley, PC/DR): Mr. Speaker, 99% of the individuals and goods crossing the Canada-U.S. border pose no security risk to either country, but long line-ups have prevented expedited transit for these goods and people.

Will the government agree today to dedicate resources and infrastructure to expedite the movement of goods, people and services that do not pose any risk to either country?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, we have already had announcements from the relevant ministers, in national revenue, immigration and transport, on measures taken to strengthen our security, including our borders.

The real problem is on the American side. We have to be pressing, as our Minister of National Revenue is doing today, the American administration and congressional officials to take the necessary steps on their side of the border so that goods can go freely back and forth in the interests of both our countries.

* * *

TERRORISM

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, the federal government has failed to do anything with the CSIS warnings regarding the 50 organizations and 350 individuals with terrorist links operating here in Canada.

It should now come as no surprise that Canada may have been used as a staging ground for the September 11 attack.

I ask the solicitor general, in the face of mounting evidence will he finally admit that there may have been or there still are groups or individuals here in Canada that assisted those responsible for the atrocities in the United States?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, if my hon. colleague is asking me is there any connection, direct link, between any Canadian and what took place in New York on September 11, at this time there is no direct link.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, police have arrested another man suspected of supplying fake documents that ended up in the hands of one of the hijackers of flight 93. The list of suspects apprehended in Canada and abroad with ties to Canada continues to grow. Yet the solicitor general refuses to admit that there may be a Canadian connection to the September 11 attack.

Now that the minister is openly sharing information, will he finally admit that documents forged in Canada were used by terrorists in the September 11 attack?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, my hon. colleague is discussing the biggest investigation that ever took place in this world. I am sure and I know that he would not want me to divulge any sensitive information that would affect that investigation. I will not.

[Translation]

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, there will be a lot of jobs lost in the area of softwood lumber and related areas in Quebec regions, which have already been hit hard by high unemployment.

Since the huge cuts by the government, the employment insurance program no longer offers sufficient protection to workers in the hard hit regions.

Could the Minister of Human Resources Development not have some feeling for the workers who are going to lose their jobs and reverse her decision to shelve the unanimous report of the Standing Committee on Human Resources, which proposed reasonable, specific and realistic solutions?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I would note that we are concerned about the potential impact of the recent decision in the softwood lumber question and the impact it may have on workers in this sector. We are fortunate in Canada that we have an employment insurance system that is strong and flexible and is there to help Canadians who find themselves without employment.

We anticipate that the majority of Canadians working in the softwood lumber sector will be eligible for employment insurance should they need it.

• (1435)

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the minister has the solution in her hands. The North Shore, the lower St. Lawrence, the Gaspé, the Saguenay—Lac-Saint-Jean and other regions have an unemployment rate of some 15%. They are the regions that will be hit most by the American decisions on softwood lumber.

After taking billions of dollars from the employment insurance fund to pay for the government's deficit, will the minister not admit that she should now draw a little money from the fund for those who have lost or will lose their job in the coming weeks? It is a matter of dignity as well as justice.

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I would remind the hon. member that in addition to income supports we transferred to the government of Quebec almost half a billion dollars for it to use specifically in circumstances like this to help deal with challenges region by region.

I would also note that the hon. member has in his own hands an opportunity to participate with us in communities in Quebec that are faced with challenges in the area of seasonal work. As I did at committee, I would encourage him to work with us to find local solutions to these local problems.

Oral Questions

TERRORISM

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, Samir Mohamed is a friend and partner of Ahmed Ressam and a known criminal involved in terrorist activities. He entered Canada in October 1997 on a visitor's visa and, guess what, two weeks later he applied for refugee status. This claim was denied.

I would like to ask the minister, why is he still here in Canada after having his claim denied in 1997?

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, recently the leader of the official opposition has been making requests that all refugee claimants who arrive in Canada without proper documentation be detained and actually jailed.

I see members applauding that suggestion.

I would also point out to him and to members of his party that since September 11 he has been advocating that we allow a failed refugee claimant to stay in Canada and he arrived even before 1997. I want to know from the Leader of the Opposition, does he want us to put him in jail or does he want us to allow a stay of deportation?

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, what was that? I do not know what that was about. I am not the Leader of the Opposition.

I want to talk a bit about the bumbling over there. Now I have found out that Samir Mohamed was given yet another refugee hearing this past September. According to a transcript of United States evidence, over the last four years he has been raising money in Canada for terrorist activities through guns, credit card fraud and robbery.

What does it take for this government to refuse an individual—

The Speaker: The hon. Minister of Citizenship and Immigration.

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the hon. member knows that privacy legislation does not allow me to give details of individual cases, but what I can point out to him is that they want to have it both ways. They want to suggest that we put in jail and detain all undocumented refugees, and even when those claimants have failed they then make representations to allow them to stay.

I would like to know how that party can justify both positions. I would like to know what its position is today. Is it to put him in jail or let him stay?

* * *

[Translation]

FOREIGN AFFAIRS

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, yesterday, the Canada's Minister of Foreign Affairs met with the prime minister of Israel. Today he will be meeting with the Palestinian Authority, if he has not done so already.

Oral Questions

Could the Deputy Prime Minister confirm that Canada's objective is to get Israel to recognize the Palestinians' right to a viable state and withdraw from the occupied territories, and to get the Palestinian Authority to recognize the state of Israel's right to exist and have its security respected?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the minister's goal is to encourage both parties to return to the negotiating table and end the violence, particularly against civilians, in Israel and elsewhere. I hope his efforts will be successful.

•(1440)

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, given the sharp rise in violence in the Middle East and the importance of peace for the situation around the world, can the Deputy Prime Minister assure the House that the Minister of Foreign Affairs, like many others, including his French counterpart, will urge the parties to enter into negotiations without prior conditions?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the Minister of Foreign Affairs has encouraged negotiations. He will continue to negotiate and I hope that there will be a return to the negotiating table and that peace will be restored in the Middle East.

* * *

[*English*]

IMMIGRATION

Mr. Vic Toews (Provencher, Canadian Alliance): Mr. Speaker, when the opposition calls upon the minister of immigration to protect our refugee system by taking firm measures against those who abuse the generosity of Canadians, she denies the system has failed or, like today, simply hides information.

Now the department's own figures demonstrate that the number of claimants is out of control, with at least double the anticipated numbers. Why will the minister not put the necessary legislation and resources in place to protect legitimate refugees and weed out those who would criminally abuse our system?

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I am the first person to acknowledge the fact that changes need to be made in the existing refugee determination system. That is why we brought in the bill, which has just been passed in the Senate, I am pleased to say, even though the members opposite did not support it.

I think that the streamlining of the procedure will do exactly what the member opposite is asking for. However, I would repeat again that on one hand they are asking us to take one policy objective while they are making representations quietly for the exact opposite policy objective. I think that inconsistency should be brought to their attention and to the attention—

The Speaker: The hon. member for Provencher.

Mr. Vic Toews (Provencher, Canadian Alliance): Mr. Speaker, this minister when she has no answers simply name calls or hides information. She continues to ignore the need for an effective refugee determination system. Her neglect has resulted in unprecedented abuse of our system by bogus refugees and criminals. Even today she has rejected effective proposals. Why has she placed—

The Speaker: The hon. Minister of Citizenship and Immigration.

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, he is doing it again. I hear him equating refugees and criminals. Nothing could be further from the truth.

There are over 23 million people around the world in a refugee situation, fleeing persecution. Canadians are proud of their humanitarian and compassionate response. We are not going to allow the official opposition, nor are we going to allow terrorists, to deter us from our humanitarian obligations to welcome those in genuine need of our protection.

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FINANCE

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, my question is for the Secretary of State for International Financial Institutions.

Canada will soon be hosting the G-20 meeting. Would the secretary of state please tell the House what is expected as a result of this meeting and specifically why financial global governance is important to Canadians today?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, as members know, the G-20 consists of 20 countries comprising 87% of the world's GDP, 65% of the world's population and 60% of the world's poor. Chaired by the hon. Minister of Finance, the best finance minister in the world, this forum will be looking at the issues—

The Speaker: The hon. member for Regina—Qu'Appelle.

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•(1445)

THE ECONOMY

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is for the same minister with the new hairstyle.

The Canadian dollar has now hit an all time low, trading a few minutes ago at less than 64¢ compared to the U.S. dollar. Over the 10 years the Canadian dollar has lost 30% of its value compared to the U.S. dollar.

I want to ask a specific question of the minister. How low does the Canadian dollar have to go before the minister will instruct the Governor of the Bank of Canada to intervene in the financial markets to halt the erosion of the Canadian dollar? How low does it have to go before he will do that?

Oral Questions

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, let us look at what Canada has already done. We have brought in the largest tax cut in the history of our nation. Our interest rates are the lowest that they have been in 40 years. We have paid down more than \$35 billion of debt and at the same time have made major new investments in health care, education, research and innovation.

Our obligation as a government is to get our economic fundamentals right. That is what we have done and that is what we will continue to do.

* * *

CANADA POST

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I will try another minister. My question is for the minister responsible for Canada Post.

United Parcel Service is suing Canada under chapter 11 of NAFTA to try to put Canada Post out of the courier business. Both CUPW and the Council of Canadians have just been denied standing at this tribunal, with the Canadian government lining up with UPS to block them.

Why is the Liberal government siding with UPS to keep Canadian workers and the Canadian public out of the secret NAFTA tribunal hearing on the future of public postal services in Canada?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, we are, as a government with Canada Post, fighting this decision before the Canadian international trade tribunal and we will continue to fight it. We are working with all the partners. When it comes to the trial, Canada Post and the Government of Canada will definitely be there.

* * *

NATIONAL SECURITY

Mr. Chuck Strahl (Fraser Valley, PC/DR): Mr. Speaker, it appears that the only economic policy consistently followed by the government is its dubious plan to drive the Canadian dollar to record lows in the hopes of promoting Canadian exports, yet Canadian exporters are saying that problems at the borders are putting the industry at risk. They warn that the government still has no concrete plans in place to address the problem.

Will the government commit today to the creation of a new ministry to co-ordinate public protection and improve border management for our exporters and for Canadian people?

Ms. Sophia Leung (Parliamentary Secretary to the Minister of National Revenue, Lib.): Mr. Speaker, the member is not well informed. We have just passed Bill S-23. We already are implementing modernizations to our customs system. In the meantime, the member should know that we are implementing some of the new technologies that will tighten up the borders without any problems.

* * *

THE ECONOMY

Mr. Scott Brison (Kings—Hants, PC/DR): Mr. Speaker, when questioned about the record low Canadian dollar, the finance

minister consistently responds that it is not his fault, that all currencies are doing badly compared to the U.S., yet in the last three years the Canadian dollar has fallen 5%. Over the same period of time the Mexican peso has gained 10%. Since September 11 the peso has gained 2.5% while the Canadian dollar has lost a point and a half.

If Canadian fundamentals are as strong as the minister likes to say, why is the Mexican peso doing so much better than the Canadian dollar?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the hon. member does not have to accept just my word that the government has been getting its economic fundamentals right. I refer him to the world economic forum which just a couple of weeks ago published its most recent report. Canada has moved from seventh to third in terms of global competitiveness.

* * *

NATIONAL DEFENCE

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, yesterday the defence minister said that we had thousands of sailors for future rotations and that we had no problems.

The facts are that even before this latest commitment he closed down ships due to lack of personnel. He mothballed one of our four destroyers due to lack of sailors. He put 7 of our 12 frigates on a lower state of readiness due to lack of sailors. Where are we going to get the people trained, ready and rested to meet future rotations?

● (1450)

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, what he said yesterday was nonsense and it is nonsense today. Or, as his leader says, tomato or tomato, it is the same thing.

We have over 2,000 troops involved in the campaign against terrorism, many of whom are navy. We do have people back here who will both serve to protect our country and who will also relieve the people we sent overseas from their service after a period of time.

We will continue to honour our commitment. We are going up in terms of recruitment at this point in time. We are getting additional people into all three armed services.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, either the minister does not understand the problem or he just does not care about our men and women in the forces.

In May of this year, before we had committed the 2,000 people to this latest cause, the war on terrorism, Admiral Maddison, head of the navy, said "At the moment, I'm about 400 people short. Almost all of those are technicians, highly skilled".

The CISS and the CDA report that the navy is already robbing technical staff from the army and the army is short as well.

Oral Questions

How can the minister be so out of touch with the military when it is his area of responsibility?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, now he has given up on tomato and tomato and he is into apples and oranges but he is very out of date with all his information.

We have been going through a recruitment plan which has been quite successful in getting initial people. We are also offering incentives and bonuses to bring in people in certain trades and occupations in the military in which we have been short.

Yes, we have joint efforts. The army, navy and air force do cooperate together and they have for years. Where has the hon. member been? It makes sense to better serve Canada by training our forces to do the best they can to fight terrorism.

* * *

[Translation]

ANTI-TERRORISM LEGISLATION

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, a unanimous Senate report recommends what the Bloc Quebecois has suggested right from the start: a sunset clause for the anti-terrorism bill.

Will the minister at least recognize that the Bloc Quebec and the Senate are right, as were the many intervenors who all suggested in their recommendations that sunset clauses are absolutely necessary?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I appreciate the hon. member's question. It is one we have heard in the House on a number of occasions but I am afraid my answer is the same.

I understand the concern in and around the appropriate review mechanisms. I know the House committee is working very hard on the matter. I will be reappearing before that committee in the next week to 10 days. I know that at that time the committee and I will engage in a useful discussion about the whole area of review mechanisms and what may and may not be possible.

[Translation]

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, the minister has heard the same question many times but we have never had a reply. We realize the minister has reservations, as does the Prime Minister moreover.

Is the minister prepared to bow to the numerous opinions and recommendations from the Canadian Bar Association, the Barreau du Québec, the Canadian Lawyers Association, the Association des avocats et criminalistes and the Canadian Council of Civil Defence Lawyers, and include sunset clauses in the anti-terrorism legislation?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as I said before, we are indeed listening. I look forward to my reappearance before the House committee where I know I will engage in a fulsome and vigorous debate with members of that committee.

THE ECONOMY

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, the Canadian dollar has dropped to 62.74¢ as we speak, another all time low. That means it costs \$1.60 Canadian to buy \$1 U.S.

Could the fact that the Liberal loonie has lost 25% of its value since this government came to power have anything to do with the fact that we have the highest income taxes in the G-7, the second highest level of indebtedness in the G-7 and that our productivity under this government has grown half as quickly as in the United States?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, that is absolutely not true. Canada in terms of the G-7 is in the middle band in terms of its overall tax cuts.

We made record tax cuts of \$100 billion over five years. We cut corporate taxes so that we will have corporate taxes in Canada that are about 30% compared to 36% in Michigan, 40% in New York and 41% in California. These are some of the things we have done to make sure Canada has a very competitive tax environment.

● (1455)

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, according to KPMG, Canada has the highest corporate tax rates in the OECD. The Canadian Chamber of Commerce said "the 1990s will always stand out as the poorest decade in terms of productivity since the 1930s".

When will the government finally take responsibility for the lame Liberal loonie which is making Canadians poorer, imports more expensive and causing our standard of living to deteriorate year by year?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, this is the hon. member whose program for strengthening the economy was to accelerate our tax cuts by two months. A year ago we accelerated them by three full years. Even his lame-brained suggestion was rejected by the Canadian Payroll Association as being administratively impossible.

The member calls for added stimulus. If it were in significant amounts it would drive us into deficit, and that would be fully irresponsible.

* * *

[Translation]

INDIAN AFFAIRS

Mr. Jean-Guy Carignan (Québec East, Lib. Ind.): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development.

Consultations began across Canada with the public and the leaders of the first nations on April 30 in the context of the measure known as "Communities First: First Nation Governance".

The aim of this measure is to examine the basic principles of the government of the first nations on the reserves, a matter that has not been reviewed since the Indian Act was passed 125 years ago.

Oral Questions

Could the minister tell us whether the consultations on first nations governance have concluded and what the next stages are?

[English]

Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, in the Speech from the Throne the Government of Canada put forward a governance initiative, building better governance tools for first nations people.

Over the last number of months since April we have consulted with over 400 first nations communities and their organizations. That consultation just concluded here at the end of October. We look forward to the next phase of consultation putting forward modern governance tools to bring an economy to first nations citizens.

* * *

RELIGIOUS ORGANIZATIONS

Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance): Mr. Speaker, the Deputy Prime Minister has demanded that Canada's churches sign over their buildings. The reason is that they want a mortgage on the churches in exchange for financial assistance in paying for the residential school lawsuits.

What will the Deputy Prime Minister do with these church buildings once he forecloses?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the premise of the hon. member's question is totally wrong. We have not demanded mortgages on church buildings. The allegations on the part of Mr. Smith as reported in the *National Post* are totally without foundation.

Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance): Mr. Speaker, the Deputy Prime Minister seems to be taking his cue from Henry VIII, Robespierre and Lenin. It does nothing to help the victims of residential schools to make victims out of Canadian churches.

Why should Canadian churches be asked to mortgage their beliefs to pay for the government's past mistakes?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, instead of reading her already prepared question based on a false premise, she should have listened to my answer. I said that we were not seeking mortgages on church buildings. Instead we are seeking to work with churches to provide fair compensation to victims of abuse in Indian residential schools.

I do not know why my hon. friend is unwilling to get back to the priority of helping victims of abuse in residential schools. That is what we should be concentrating on, not false allegations, misusing the House.

* * *

[Translation]

ST. HUBERT TECHNOBASE

Ms. Pierrette Venne (Saint-Bruno—Saint-Hubert, Ind. BQ): Mr. Speaker, yesterday, the Minister of National Revenue said that the St. Hubert Technobase have been studied by an independent firm, which recommended the minister continue.

We learn that the Technobase investment fund is technically bankrupt and that, despite what the minister says, it is not such a good thing. We are entitled to know where the million dollars went.

My question is for the Minister of National Revenue. Given the way the million dollar fund was managed, why is the Minister of National Revenue not investigating the administration of the Technobase?

• (1500)

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, the member's game is obvious. Mr. Olivier is running in the municipal elections, and the Bloc Quebecois is now involved in municipal politics. It is very clear.

In fact, the Technobase created 600 jobs. The government thinks this is a very positive thing for Canada.

* * *

[English]

NATIONAL DEFENCE

Hon. Bill Graham (Toronto Centre—Rosedale, Lib.): Mr. Speaker, my question is for the Minister of National Defence. Two weeks ago the permanent joint board of defence held its 208th meeting in Ottawa to discuss continental security.

Could the defence minister explain the nature of this important Canada-U.S. institution and brief the House as to what was accomplished at that meeting?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the permanent joint board of defence is the senior bilateral advisory group between Canada and the United States on continental defence matters. It reports directly to the Prime Minister of Canada and to the president of the United States.

The board existed since the second world war. It is not a policy setting device but it is an opportunity for broad ranging discussion on defence and security issues. It has both military and civilian personnel. It is co-chaired by someone from each side of the border. The member of parliament for Brossard—La Prairie ably represents Canada on the board. It recently had discussions about September 11 and its fallout, which of course is the current issue.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of six recipients of the 2001 Governor General's Performing Arts Awards. I ask all hon. members to refrain from their applause until I have introduced all six.

The four recipients of the Governor General's Performing Arts Awards for lifetime artistic achievement are Mario Bernardi, Max Ferguson, Christopher Plummer and Anne Claire Poirier.

[Translation]

The winner of the Ramon John Hnatyshyn Award for Voluntarism in the Performing Arts is Thea Borlase.

The Royal Assent

[English]

The recipient of the National Arts Centre Award is Édouard Lock and La La La Human Steps.

Some hon. members: Hear, hear.

The Speaker: I invite all hon. members to join me and the winners of these awards in room 216 for refreshments in a few minutes time.

* * *

BUSINESS OF THE HOUSE

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, I would like to ask the government House leader if he could advise the House of the business for the rest of this week and for next week, leading up to the Remembrance Day break.

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I thank the House leader of the official opposition for the question. This afternoon we will continue the prebudget debate that we commenced this morning.

Tomorrow we will deal with the miscellaneous statute law amendment bill introduced earlier today. I understand there is some agreement pursuant to the usual process of passing the bill at all stages. We will then consider report stage and third reading of Bill C-33, the Nunavut bill.

I wish to advise the House that there will be a royal assent later this afternoon on Bill C-11.

Next week we will debate Bill C-39, the Yukon bill. That will be followed by report stage and third reading of Bill C-10, the marine parks bill. When this is completed we will turn to Bill S-31, respecting a number of international tax treaties. If and when Bill C-35 is reported from committee we will turn to its report stage and third reading.

I would like to report to the House that if we have time next week I will be prepared to entertain a second day of prebudget debate or consultation.

I understand that some members will be producing a motion to defer a debate until next week. I am awaiting that process.

I also wish to inform the House that there is ongoing consultation among House leaders, although not quite complete, about having a take note debate next week, possibly on the issue of the World Trade Organization and international trade generally. Those consultations are not yet complete.

● (1505)

[Translation]

Mr. Pierre Brien: Mr. Speaker, on a point of order. This morning, at the request of a member of the Bloc Québécois, you authorized an emergency debate this evening.

However, if you seek it, I believe you would find unanimous consent of the House to defer that debate until next Tuesday evening, with a view to accommodating all parties and enabling everyone to

attend, including for instance the minister, the critics concerned, and the MPs directly affected by this matter.

So, if you seek it, I believe you will find unanimous consent of the House to proceed with the debate on Tuesday next, rather than this evening.

The Speaker: Is there unanimous consent to defer this evening's debate until Tuesday evening?

Some hon. members: Agreed.

An hon. member: No.

[English]

Mr. Bill Blaikie: Mr. Speaker, if it has been denied there is no point in my speaking. I wanted to speak before you sought unanimous consent of the House. However I heard somebody say no so it is a moot point.

Mr. Jay Hill: Mr. Speaker, I denied consent at this point in time because I believe we can still have some negotiations. The coalition would agree to moving tonight's debate to Tuesday. However we would not want any time limit. We would want the debate to continue on autopilot until no member rises in his or her place. We would be in agreement as long as that is the agreement for the debate on Tuesday night.

Mr. Bill Blaikie: Mr. Speaker, I do not want to negotiate on the floor of the House. Our party had a concern with respect to the request to move the emergency debate from Thursday to Tuesday. If it is an emergency I do not know why we should not be having it tonight. We need to be careful what we ask for because we might get it. That is what we learn from these things.

We wanted to have a take note debate on the WTO. There is a big meeting of the WTO at the end of next week. Unless we can be guaranteed or unless we have agreement that we will have a take note debate on the WTO, we cannot agree to sabotage that in order to move an emergency debate from one week to another.

The Speaker: Might I suggest that negotiations continue on this point. When that happens I am sure the House leaders will come back to the House with wondrous proposals.

THE ROYAL ASSENT

[English]

The Speaker: I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

November 1, 2001

Mr. Speaker:

I have the honour to inform you that the Honourable Jack Major, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 1st day of November, 2001 at 4.30 p.m. for the purpose of giving royal assent to certain bills.

Yours sincerely,

Michèle Lévesque
Deputy Secretary, Policy, Program and Protocol

Privilege

● (1510)

PRIVILEGE

ACCESS TO INFORMATION

Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.): Mr. Speaker, I realize you have important guests so I will try to be brief on my question of privilege. Opinion is divided on whether or not this is a question of privilege. I am told by some that it is and some that it is not. It is however an important matter to bring to the attention of the House as it pertains to the right or opportunity of ordinary MPs to have access to government officials.

It is something that has arisen in exceptional circumstances. We will need your decision on whether it is a question of privilege, or even has the aura of a question of privilege, to decide whether or not it should be considered.

I will remind everyone that in the House we are a company of equals. When I stand or sit at my place I am exactly equal to the Prime Minister in his place. Every colleague is equal to every other colleague, be they ministers, parliamentary secretaries, members of the opposition or otherwise. That is why all our desks are exactly the same.

That is why, I might add, Mr. Speaker, you sit in an elevated chair, not because you lord it over us but because you are our servant. You are the one who makes sure that we do act as equals in the Chamber and indeed on Parliament Hill because as members of parliament we serve the public equally. We do many things by common consent. We decide who is the government. We set up rules in the House. Everything functions in the House by common consent.

I have an instance that appears to be outside the rules of parliament. No rules exist to cover the situation that occurred to me as an individual MP. I am referring to attempts last June by a group of members of parliament to set up a special committee to examine an issue of immense public interest.

The special circumstance was that it was summer and the House was not sitting. We thought we had a deadline. We wanted to present a report before a bureaucratic task force that existed on the Access to Information Act. We thought it was very important that we do this as soon as possible during the summer months.

Part of our plan was to receive briefings from government officials. We sought out those government officials and we had a work plan. We lined them up and many of them agreed to appear before our group.

We were going to hold meetings for the record in the open on Parliament Hill with all the attention to detail of a normal standing committee. However, and this is so important, we were not a standing committee. We were a group of MPs from all sides of the House who were not part of government and who were concerned about an important public issue.

To our surprise, the government suddenly ordered the officials we had lined up not to appear before our committee. The order extended not only to the government officials that we lined up but also to officials from crown corporations. It was every official in

government. We had also hoped to talk to some very junior people with respect to access to information.

The issue is not the reason why the government decided to do this. We recognize that the government has certain powers that we by common consent give to it. One of those powers is the right to determine when public officials appear before members of parliament.

What is different in this particular case is that a situation occurred where backbench members of parliament were not carrying out ordinary business. They were carrying out exceptional business, in the sense that the law we were looking at was a law that was quasi-constitutional and affected all members of parliament. Ironically there is a direct analogy with Bill C-36, the anti-terrorism legislation that is before the House because this is a piece of legislation that affects civil liberties. Consequently it affects all members of parliament.

● (1515)

There are situations which occur in which backbench members of parliament or ordinary members of parliament, if you will, might find an absolute necessity to receive briefings from government officials. This is not trivial. It is not as though this was just a casual incident where a group of MPs wanted a briefing from government officials. I think we would all agree that the government would be correct in determining when and where it was appropriate to do this. This was an exceptional circumstance. The government said no and the officials were unable to come.

Mr. Speaker, the guidance I seek from you is that I think there are exceptional circumstances where members of parliament are acting in the most absolute interest of the public, in which the government needs some guidance from parliament, some guidance where it recognizes there are exceptional instances where there should be some sort of mechanism whereby the MPs who are seeking these briefings from officials, briefings in public I might add, can go to perhaps you, Mr. Speaker and say "Mr. Speaker, this is an exceptional circumstance. Will you advise the government on whether this is an appropriate request?"

Mr. Speaker, what I am asking is if you feel that I as an individual have had my work compromised as a result of this decision of the government.

I have before me the report of this committee of MPs who were studying the Access to Information Act which was presented to the public today. It is entitled "A Call for Openness". It is an excellent effort on the part of backbench MPs to examine a very important issue. Mr. Speaker, I regret to tell you that although I think it is an excellent report, it is less than what it could have been because we were unable to receive briefings from public officials whom we had asked to appear and had no opportunity to question them.

Privilege

It seems to me that this strikes to the very heart of the privileges of a member of parliament. Whether we are prime minister or backbench MP, when we set out to examine a policy issue that is in the deep public interest, we must have access to the officials whom we need to have access to. It cannot be left absolutely to the government to decide that issue. I am not saying that on a day to day rhythm of things that the government should not have this say, but there are exceptional instances and I believe this report "A Call for Openness" is an exceptional instance.

This report contains 11 recommendations. It is a clarion call for more transparency on the part of government. I have to say that it is a unanimous report by 12 backbench MPs covering most of the major parties. The contribution was entirely non-partisan. I want to particularly mention the Bloc MPs, the member for Saint-Jean and the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, who made a particular contribution that we all applauded. So, Mr. Speaker, I do not want you to think that this was not an entirely joint effort.

I do not know what the answer is. I think the government acted the way it thought it should act. I think it was perhaps afraid that if backbench MPs can call government officials, that this might happen all the time. I can assure you, Mr. Speaker, it would happen only rarely. I think every one of us on the committee still believes in partisan politics. We were no less members of our parties because we were acting in a non-partisan way. It was a very fine example of the kind of co-operation that can occur in the House.

● (1520)

Consequently, Mr. Speaker, I would ask you to consider my remarks. What I would like to do is that if you feel that there is a prima facie case for a breach of privilege here, I would like to suggest that I would move a motion that the matter be referred to the appropriate committee of the House to give guidelines to the government on how to deal with these very exceptional instances where backbench MPs might feel they have to gather in a non-partisan manner, and I mean non-government MPs, to consider a major issue. Mr. Speaker, I do thank you.

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have listened with interest to the remarks of the hon. member for Ancaster—Dundas—Flamborough—Aldershot. He seems to recognize this is not a question of privilege. On that point I must agree with him.

Mr. Speaker, I refer to page 71 of Marleau and Montpetit where it states:

The rights, privileges and immunities of individual Members of the House are finite, that is to say, they can be enumerated but not extended except by statute or, in some cases, by constitutional amendment, and can be examined by the courts. Moreover, privilege does not exist "at large" but applies only in context, which usually means within the confines of the parliamentary precinct and a "proceeding in Parliament".

Those are the key words because the group about which my hon. colleague has spoken was not a committee of the House. That is the essential important point and therefore no parliamentary privilege is involved in this case.

Privilege is strictly ancillary in nature. Members of parliament do not have any privileges per se except insofar as it relates to parliamentary proceedings which this was not.

The hon. member claims that the government denied him briefings. This is not accurate. In fact he was told that officials would be available to brief these members of parliament in private. However, I understand the member insisted that it would have to be in public, that is, that the meetings were going to be held in public.

A public meeting is not a briefing and the hon. member was told that. I want to read from a letter that was sent by the Leader of the Government in the House of Commons to the hon. member on August 9. It has an introduction and then it goes on:

My colleagues and I must, however, repeat the view, which we have maintained for two months, that officials should not meet with your group, which, although meeting in public, is not a committee of the House of Commons and, therefore, cannot offer persons who meet with it any of the protections offered by the rules, privileges and immunities of the House. In addition, as we have stated previously, there are cases now in litigation that could be affected by such proceedings.

I should also point out that the same officials who you would seek to have appear before your group are, in the course of their duties, participating in the work of the Task Force on Access to Information announced by the responsible Ministers. We would not want their contributions to the Task Force to be compromised in any way by any confusion or misunderstanding that could well arise from anything they may say to your group, which may, of course, be interpreted wrongly or taken out of context, especially by the media.

It is important to note that, once the Task Force has reported and the Government has developed policies based on the report, Parliament and its Members will have a complete opportunity to examine the matter before such policies are put in place. At that time, the appropriate Standing Committee of the House of Commons will be fully empowered to study those proposed policies, whether in the course of considering proposed legislation or through undertaking a study pursuant to Standing Order 108. In those circumstances, Ministers and officials would, naturally, co-operate fully with the Standing Committee.

It is our view that the review of the Access to Information legislation in an ad hoc fashion would be incomplete and unsatisfactory. This very important task ought to be undertaken in an orderly and rational process, fully regulated by the rules of Parliament, and it is our intention to proceed in this manner.

Another letter was sent to the hon. member on August 17 providing information with regard to the question of cabinet confidences, the application of solicitor-client privilege and so forth and enclosing background documentation on cabinet confidences.

Mr. Speaker has previously insisted numerous times that questions of privilege, if this were one which it clearly is not, must be raised at the earliest opportunity. It is clear that has not happened here, Mr. Speaker, and I would ask you to rule in that regard. I have numerous other references from Marleau and Montpetit that I could refer to but I understand you are pressed for time and I now conclude.

● (1525)

The Speaker: The Chair wants to thank the hon. parliamentary secretary to the government House leader for his remarks and the hon. member for Ancaster—Dundas—Flamborough—Aldershot for raising this matter.

I am inclined to say that the matter was raised at the earliest possible time, given the hon. member deliberately waited until his report was ready so that as it were, his question of privilege had grown into full blossom by the time he brought it to the attention of the House.

Government Orders

Having raised the question and suggested that it was a question of privilege, I have to say that in my view the matter is not a question of privilege.

The member who raised this issue is an experienced member. I think he is well aware that members do have certain privileges but I do not believe that any one of us has the right to call before us a government official and insist on answers to questions. That is in effect what he is saying because by his own admission in the course of his remarks, he stated that the committee that he was chairing was an ad hoc caucus of members. It clearly was not a committee of this House. Had he wished to have a committee in place, he could have introduced a motion under private members' business to establish a committee for the very purpose of studying the materials and issues that his ad hoc group in fact studied.

Had he done so, I have no doubt that the motion establishing the committee would have empowered the committee in accordance with Standing Order 108(1) to send for persons, papers and records. That great power that our committees have would have enabled his committee to summon these officials, whether or not the government House leader said they were to appear, because had they failed to appear, the committee could have reported the matter to the House. Of course the House could then have summoned the individuals to appear at the bar of the House for chastisement for a contempt of parliament.

An hon. member: Caning.

The Speaker: An hon. member suggests caning but that has not been in our lexicon of punishments. However, there is the fact that people can be called to the bar of the House and chastised for contempt.

Of course the ad hoc group had no such powers and so it was perfectly legitimate in my opinion for some to say, "No, you may not appear", and for people to refuse to appear either on instructions or because they themselves chose not to appear, because the ad hoc group had no power to compel attendance.

In the circumstances, I am unable to find there was any breach of the hon. member's privileges. I would urge him in future to look to the other options that are available to him and to all hon. members in asserting their claims, by going through the proper channel of a parliamentary committee with all the wondrous powers that each of those committees enjoys.

Mr. Grant McNally (Dewdney—Alouette, PC/DR): Mr. Speaker, I will be very brief. Obviously there is a conflict among government members on this particular issue. You have ruled, Mr. Speaker. We acknowledge and accept that ruling. I am wondering if there might be a way to compromise in good faith among members of all parties.

I was a member of the ad hoc committee. We did good work together. The member for Ancaster—Dundas—Flamborough—Aldershot did a good job.

I am wondering if we might be able to receive this report in a formal way and have it tabled here. I would ask for consent that we be allowed to do that because there are many good recommendations that we came up with as a committee.

The Speaker: The hon. member has asked for consent to table the report of this group. Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

* * *

BUSINESS OF THE HOUSE

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I rise on a point of order. Pursuant to your excellent advice, there have been further consultations among House leaders on issues that were before the House earlier this day. I believe if you were to seek it, you would find unanimous consent for the following. I move:

That, the emergency debate ordered for later this day be deferred until Tuesday, November 6, provided that during the said debate, the Chair shall not receive any dilatory motions, quorum calls or requests for unanimous consent, and when no member rises to speak, the House shall adjourn until the next sitting day; and

That, pursuant to Standing Order 53.1 a debate shall be held at the conclusion of government orders on Monday November 5 to consider a motion that this House take note of the upcoming WTO meeting in Doha, Qatar.

• (1530)

The Speaker: Does the hon. government House leader have the unanimous consent of the House to propose the motion?

Some hon. members: Agreed.

The Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

[*English*]

PREBUDGET CONSULTATIONS

The House resumed consideration of the motion, of the amendment and of the amendment to the amendment.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I am pleased to rise in debate on this take note motion with respect to the budget. As my esteemed colleague, the hon. Leader of the Opposition pointed out in his remarks this morning, this budget has been far too long in coming.

In fact the budget date still has not been formally announced. The finance minister still has not come before this place to give us a date. All we have is a vague commitment that it will happen before the House rises before Christmas. However, if it is some time near the adjournment of the House that means that we will have waited some 650 plus days since the previous budget to finally get something approximating an accounting of the nation's finances from the hon. Minister of Finance. This is a complete contravention of the convention in this place and in every other Westminster style parliament.

Government Orders

Parliament came into being and exists as the voice of the commons to provide a check and a balance to the power of the crown, the power of the executive and particularly its huge power of the purse. The annual presentation of the budget and the estimates is historically the central legal role of parliament, yet it is a role which, like so many other traditions, conventions and privileges in this place, has been incrementally derogated by the government over time.

I see my friend the hon. Parliamentary Secretary to the Minister of Finance, who says in public debates that this is a moot point, that it is not relevant when the budget is. It may not be for academics or wealthy big bank economists in their towers with gold leaf windows on Bay Street, but it is important to those of us who understand the purpose of this institution, namely, to provide a check and balance to the otherwise unchecked and unbalanced exercise of executive power and particularly its awesome power in matters of money.

I hope all members will join me in saying that it is about time and we hope that never again will Canadians have to wait for two years to finally see the state of their government's finances, not the minister's budget, but the budget of this country and this federation.

It is even more unfortunate that the finance minister has waited until the onset of a recession, a time of war, this moment of crisis, to introduce such a budget. He ought not to have waited. I stood in this place last spring, as did other colleagues, warning about the real, credible possibility of a downturn. I was then looking at the economic data and projections and it seemed evident to me, based on cycles in the economy, the situation in other jurisdictions and softening demand here in Canada, that there was a very good chance of us moving into recession.

I asked these questions last spring. I asked why the finance minister would not introduce a budget that would stimulate the economy to protect us from a potential downturn. He said then much what Michael Wilson and Don Mazankowski said when they sat in the ministry of finance in the early 1990's. They said "Don't worry, be happy, there's no recession, don't scaremonger, don't be a Chicken Little". Just trust us, they said, the economy will continue to grow.

In fact it was only four years ago that the Minister of Finance told us that we had finally learned to beat the business cycle, that the future in Canada was one of endless, gold paved streets. We were just going to see growth endlessly as long as he was Minister of Finance, he implied.

• (1535)

We see now how wrong he was four years ago and how wrong he was four or five months ago when he refused to take action to prevent a downturn. Now we find ourselves in the middle of a recession. In the second quarter of this year the GDP growth in the country screeched to a halt. Unemployment began to tick up. Of course we have not yet received complete data from September but there is no doubt in anyone's mind that with negative growth in July and in September we will have a contraction in the economy in the third quarter. There is very little doubt in anyone's mind that it will follow through to the fourth quarter of this year.

That equals, technically and in every other sense, a recession, a Liberal recession, a recession that the Liberals have denied. It has

happened. There is a recession which they still deny exists. It is here and it presents us with some very serious challenges.

I know it is tempting for members of the government to suggest that the Liberal recession is simply the fault of the tragic events of September 11. It would be factually inaccurate and politically insensitive to make such an argument, because as I have outlined, negative growth was well underway in the country prior to the events of September 11. Undoubtedly that day and its political and economic consequences have deepened the downturn here and abroad and made a difficult situation even more complex, but let us not let the government off the hook in terms of it taking the lion's share of the responsibility for the economic consequences of its policies.

It is very interesting. The finance minister, during the several years of growth we are just coming out of, was very quick to take full credit for any growth in the Canadian economy even though about three-quarters of that growth was driven by exports to the United States, which had been on the rise thanks in large part to free trade, a policy with which he was not associated. Those exports also were being fuelled by the depressed value of our currency, hence the lower cost of exports.

He had a bit of a free ride through the 1990s in terms of economic growth, but he still took credit for the easy ride. Now suddenly when the road gets bumpy he cannot take any responsibility for the government simply being adrift on an ocean of economic tides beyond its control. I do not buy it. He needs to be consistent. If he wants to take any share of the credit for the expansion in the 1990s, then he and his government must take their share of the blame for the downturn in which we now find ourselves and which has a very real, human cost. A recession is not just some statistical accumulation of data that economists look at. A recession is a period when real people suffer real economic harm in their lives through layoffs and uncertainty. We see this with thousands of layoff announcements every month, and in fact every week, in the country.

How is it that the government has contributed to the conditions of a recession which the finance minister must now address in his budget? It has done so by missing an enormous opportunity to finally get Canada's economic fundamentals right. As they say in the west, make hay while the sun shines. We ought to have been making economic hay in the country when we had a period of growth for eight years in the 1990s. We ought to have been moving quickly to deeply reduce our national tax burden and to structurally reform our tax system.

• (1540)

I see my hon. colleague, the member for Toronto—Danforth, a lonely voice for economic common sense in the Liberal caucus and for a single rate tax. His has been one lonely voice for tax reform and broad based tax relief.

Government Orders

It was not until the 11th hour before an election last fall that the government finally, after years of insistent pleas from Canadians, decided to come forward with modest tax reductions. What it did then, typically, was to overspin and overhype what were, relatively speaking, fairly modest tax cuts. It claimed \$100 billion in tax cuts from the October statement of last year. One just knows that the finance bureaucrats were told by their minister and the PMO to come up with a six figure number, like \$100 billion, so that they could be politically competitive with the Alliance, which was setting the agenda in terms of tax relief.

It played every accounting game in the book in order to rustle up the \$100 billion bogus tax cut figure. In fact, \$7.8 billion of its so-called tax cut was actually an increase to the Canada child tax benefit. It is a good program but it is not a tax cut. It is a spending increase. It is an entitlement program, a transfer to persons through the tax system. I know the parliamentary secretary will agree with me that it is dishonest to characterize it as a tax cut. Of the so-called tax relief, \$29.5 billion has been eaten up by increases in the CPP payroll tax, which was increased phenomenally by the government in 1997.

Of its so-called tax cuts, \$20.7 billion was the result of the reindexation of the tax system. Essentially the government said it would stop raising taxes, that it would stop the insidious hidden annual tax on inflation and would count that non-tax increase as a tax cut. It was totally bogus.

When we net it all out the actual tax relief was \$42.5 billion over five years and most of that is back end loaded into the last year or two of the plan. I and many commentators are very skeptical that we will ever see all of that tax relief because of the fiscal imprudence and irresponsibility of the government.

That is why 76% of Canadians when polled say they have not noticed any federal tax relief, not because they are dumb or naive but because they have not had any tax relief. They are absolutely right to make that observation. We continue, as I said in question period, to have the highest level of personal income taxes in the G-7 and, according to KPMG and a study published in *The Economist* magazine, the highest level of corporate income tax rates in the OECD. There is all of this, together with the government's failure to meaningfully address our enormous debt burden of \$550 billion, a higher debt to GDP ratio than all but two countries in the OECD. We have the third highest debt to GDP ratio in the OECD. We continue to have, I believe, the second highest level of foreign indebtedness in the G-7 and OECD.

All of these things are reasons for the continued lag in our productivity. As my leader, the Leader of the Opposition, pointed out this morning, Canada's lag in productivity has led to a falling behind, particularly relative to our American major trading partner. In Canada, personal disposable income after tax is now 22% lower than it is in the United States. That means about \$7,400 per person or about \$29,000 for a family of four. Just think about it.

• (1545)

If an average income family in Canada were to receive a \$29,000 cheque tomorrow, that would represent the monetary difference in the standard of living between themselves and an average American family. That difference has been fuelled by our lag in productivity

versus American productivity growth. Labour productivity in the U. S. has increased at nearly twice the rate it has in Canada throughout the decade of the 1990s. As I said, that has led the Chamber of Commerce and others to say that the 1990s has the worst decade for productivity in Canada since the 1930s.

The government has missed the opportunity to get its economic fundamentals right. We still spend, as the opposition leader said this morning, more than \$40 billion a year on interest, payments that will go up as the dollar goes down because so much of it is denominated in foreign currencies. That is \$110 million a day that could go to health care, to broad based tax relief for working families and to cutting edge innovation in scientific research or to education. Instead it is going to bankers and bond holders because the debt of the federal government today is \$30 billion higher than it was when this government took office in 1993. The government has missed this tremendous opportunity to get the fundamentals right.

What has it done over the past two or three years? It has gone back to being an old fashioned tax and spend Liberal government, and in so doing has begun to jeopardize the hardest fought prize of Canadians in our economy in the past 25 years, namely the surplus. Due to the fact that program spending has been growing in the past two years at rates of 6% and 7%, because every year in the past five years the finance minister has significantly overshot his spending projections cumulatively by over \$20 billion, economists, including the former bank economist from the Royal Bank, have been projecting that there will be a planning deficit by the last year of the minister's fiscal plan. Some economists, including the Bank of Nova Scotia, have projected not just a planning deficit but an actual deficit of \$5 billion next year.

In an article published in August, Andrew Coyne stated:

Make no mistake: If we do slip into deficit, it will have very little to do with a slowing economy (or tax cuts)...federal revenues in the current fiscal year should come in at around \$176-billion: at worst, \$174-billion. Interest on the debt will consume about \$40-billion of that: at worst, \$41-billion. Had program spending kept to the...track it appeared to be on as of the 1997 budget, we would today be looking at a surplus of \$20-billion or more.

That is instead of the \$5 billion the finance minister would have us believe as this year's surplus.

That is driving him right up against the wall to the point where he will be hoisted on his own petard. He must make some very difficult choices. This budget is all about priorities. It is all about whether or not the government can get its priorities straight.

Government Orders

The single largest expenditure cuts in Ottawa's program spending review was not in corporate welfare, or in job creation schemes that do not work or in subsidies for crown corporations or special interest groups. It was in national defence, by 23% in real terms. National defence, the protection of our security and sovereignty, should not be the last priority. It must be the first priority of a national, federal government. Under this government, it has been the last fiscal priority.

My leader detailed a number of measures which we believe would likely add up into the range of \$3 billion or more in additional resources for national defence, CSIS, RCMP, the coast guard, customs and immigration, new acquisitions, high technology and new personnel to meet the challenges of the war on terrorism. That we must do. However, in closing, we must also fight the recession that we are now facing.

● (1550)

I submit we can do so prudently if and only if we reallocate spending from low priority program areas to the urgent necessities of national security.

We can accelerate prudently some tax cuts, such as the capital tax and employment insurance premiums. I hope that the government will finally get its priorities straight in this budget.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I will be quite delicate, because as I said earlier today, my role here is to take notes and listen, not to enter into substantive debate. Nor will I respond to a couple of personal barbs.

Just purely on the question of facts, my difficulty with the finance critic is that he is on many occasions somewhat loose with the facts. I would like to just mention one. This is the notion that under the Liberal government we are back to tax and spend big government.

The fact of the matter is that the proper way to measure the size of the government is to take total federal program spending, that is spending on everything except interest payments, as a percentage of the size of the economy. That is, how big a slice of our total national pie do federal programs take. The fact of the matter is that we are lower today in terms of that slice of the pie than at any time in my lifetime. We have to go back more than 50 years before we find a federal government smaller than it is today.

My colleagues in the NDP will lament this fact. They would prefer to see a larger government. However, I am not talking about what is good or what is bad. I am only talking about facts.

How in the world can this member of parliament talk about us having a big government when in fact we have been shrinking to the point where today we are smaller, as a percentage of GDP, than we have been in the last 50 years?

Mr. Jason Kenney: Mr. Speaker, the member gets it all wrong. He accuses me of saying something I did not. I did not make any comment about the program spending to GDP ratio.

I do not accept that as the appropriate measure. That is like taking a business budget and saying that the interest carrying costs will be excluded or taking out of the family household budget the mortgage and car payments. That is ridiculous. He wants to remove the \$40

billion interest payment from the overall size of government in the comparison he is attempting to draw.

The Mulroney Tories made the same effort. They said in 1993 that they were actually running a program surplus if they took out the then \$30 billion in interest payments. That is a completely bogus way of measuring it.

My comments were related to the recent increases, the recent slope in secular time over the last two years in program spending. The parliamentary secretary cannot deny that it has been going at twice the speed of population and inflation. Almost every economist and business group in the country suggests that CPI and inflation of about 2.5% to 3% constitute a good and prudent course for government spending to follow.

Instead of that good and prudent course, we have been following a track of 6% to 7%, which is twice as high. These levels of annual program spending increases have not been seen since 1979, when this Prime Minister was one of the most disastrous finance ministers in Canada's history, and helped to lead us into the debt from which we are still trying to crawl out from under today.

● (1555)

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Mr. Speaker, the premise of the member's response to that last question is that the condition of Canadians was acceptable some years ago and compared to that we should keep it the same.

The member should consider the improvements and the additional spending in the government's spending program, if he would look at them, like improvements in the child tax benefit and improvement in seniors' benefits, et cetera. These kinds of things are investing in the citizens of Canada.

However, I want to ask him about the whole aspect of stimulative spending which the Canadian Alliance seem to favour. Given the current circumstances and the mandatory attention to safety and security issues, does the member feel it would be acceptable to the Canadian Alliance to go back into a deficit? Would he go back into a deficit as a result of more stimulative spending?

Mr. Jason Kenney: Mr. Speaker, the answer to the member's question is, no. I want to underscore that we believe the government must do everything within its power to stay out of a deficit. That is of enormous symbolic importance to the Canadian people and international markets.

Government Orders

The problem, from the Liberal mindset, is Liberals assume that when we talk about spending in one area it means an absolute overall increase in government spending. That is not so. It is possible, believe it or not, to set priorities and say that the \$6 billion which the Minister of Industry and the Minister of Human Resources Development are looking for to finance pet projects and 1970's style programs should go to national security and defence instead. Instead of money going to corporate welfare, it should go into reducing the capital tax for businesses, which they would prefer by an overwhelming margin to the kind of handout programs which currently exist. No to a deficit but yes to re-prioritization of our fiscal resources.

Ms. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, I will be sharing my time with the member for Mississauga South, the Parliamentary Secretary to the Minister of Public Works and Government Services.

I am delighted to once again rise in the House to let the House know about the results of my prebudget consultation. This is an exercise that I do every year and it always gives me a great privilege and honour to share with my colleagues on all sides of the House what my constituents are saying.

Every year the Standing Committee on Finance seeks input from members of parliament in its preparation of a so-called prebudget report. This year the stated aim of the committee was to recommend to the minister a budget plan that would address the following objectives: first, to ensure that Canada remains a major player in the new economy; second, to provide Canadians with an equal opportunity to succeed; and third, to create a socio-economic environment where Canadians can enjoy the best quality of life and standard of living.

It is important to note that these objectives were drawn up prior to the apocalyptic events of September 11. While the committee's objectives still remain relevant today, it is indisputable that the recent tragic events brought new financial demands on the government, particularly in the areas of security, defence and transportation.

In fact, ensuring the security of citizens and dealing with the threat of terrorism on an ongoing basis has instantly moved to the top of all governments' priority lists.

As I have said, every year I hold annual prebudget consultations in my riding. However, as these consultations were scheduled and took place after September 11, in addition to seeking input to the finance committee's objectives, I also solicited recommendations from my constituents on the following issues.

The first question I asked was whether they would favour additional spending in the areas of security and defence in response to the terrorist attack.

The second question dealt with the state of our airline industry, especially Air Canada. I asked them what in general the government's approach should be to this industry.

The third question I asked dealt with the possibility of the government having discretionary funds or a surplus in the next fiscal year and what they thought the government's financial priorities should be?

The responses I received can be broken up into four major areas. First, my constituents felt that the budget should implement measures to stave off or minimize the effects of a recession.

Second, they felt that the government should provide extra funding for security measures.

Third, they felt that the government should target more assistance for the poorest Canadians.

Fourth, they felt that the government should find new means to provide assistance to charities throughout Canada.

With respect to stimulating the economy, there was some initial discussion about reducing the GST. I know this always sends shivers to my colleague, the Parliamentary Secretary to the Minister of Finance. However I am pleased to inform him that there was also an acknowledgment that any such reduction or even a short term GST holiday would do little to stimulate spending. In fact, it may even assist certain industries, industries that are more based with their parent companies in the United States. I will use the auto industry as an example.

Moreover, we must remember that the GST presently accounts for government revenue of approximately \$25 million and any reduction in that revenue would in turn lead to a reduction in any surplus or discretionary funding.

One of the business owners in my riding noted that if he actually held a sale and advertised 2% off, everybody would simply laugh.

The other notable comment that was made was that the government should not only focus on the new economy but also on ensuring that there is a climate for investment in and the promotion of all types of businesses, especially small and medium sized enterprises. Those are the bulk of the businesses that are situated in the riding of Parkdale—High Park.

Some of the local business owners noted that the banks still tend to be unsupportive of communities, small retailers and anything that is not high tech. In a sense they were blaming the government because we were not promoting small businesses enough. As a result, the banks are tending to look to the high tech industries and not to the old economy.

With respect to the need for increased spending on security measures, there seemed to be a general consensus that more defence spending was a necessity and that tighter airport security was needed necessitating increased expenses on airport security. The question is, who should supply the security? Should it be the government or should it continue to be the airlines?

● (1600)

It was also stressed that spending on tighter airport security measures should be implemented in two areas, what is known as land side and air side. Most of the measures that we have concentrated on right now have been on the land side.

Government Orders

I was also very pleased to hear that in my riding there is continuing widespread support for an open immigration policy but that there was an urgent need for additional funding to ensure more front line personnel and caseworkers to expedite immigrants and refugees. They wanted more people to be in places close to Afghanistan so that legitimate refugees could make their way to Canada as soon as possible.

I heard a lot of concern about the assistance we need to provide to the poorest Canadians. Many people noted that the economic slowdown has hit Canada's poor especially hard. Investing in programs to stimulate job creation was viewed as being very important.

I have to disagree with the hon. finance critic for the Alliance Party. He said that HRDC programs do not work. In my riding they work extremely well. The industrial adjustment programs rejuvenate communities and make communities safer and more prosperous. We cannot ignore the fact that there is a relationship between safe communities and prosperous communities.

Another thing I am sure a lot of members have spoken about is the recommendation that was brought forward by the Canadian Restaurant Food Services Association, which was a recommendation to implement a recommendation by the standing committee on human resources. It would establish a \$3,000 yearly basic exemption in the EI program to reduce the cost on labour sensitive industries such as food service, retail and tourism. What was also noted in the association's briefs and presentations was the fact that it would also assist lower income Canadians.

What the people in my riding also noted, even though it is a provincial responsibility to a great degree, was the need for urgent child care and how we should deal with it. Do we increase the national child tax benefit or the child care expense deduction? It is especially difficult for single parent families. People need to work and provide for their children but sometimes they are unable to do so because they cannot find suitable or affordable child care.

One of the interesting recommendations made was that perhaps we should look at increasing the GST rebate which would again help the poorest Canadians and avoid provincial clawbacks.

What is extremely important, in light of the aftermath of September 11, is that while many donations were being channeled to the Red Cross, many other charities had noticed that donations had significantly decreased. The food banks were not able to provide food. There was a general malaise, a lack of desire to give. There was a call for this government to implement policies and programs that will promote more private sector giving. The government cannot do it all but it has to instill that sense of philanthropy in the sense of helping our fellow Canadians.

The Minister of Finance recently announced that capital gains exemption on the gifts of publicly traded shares to charities has become permanent. I would submit that is a step in the right direction. I know many friends and colleagues in my riding were glad see that made permanent but they would also like to see all capital gains tax taken off these types of gifts to charities. That is something we will continue to speak about.

It was also interesting to compare the recommendations from last year and see that there was a significant difference.

I want to now address the importance of continuing to implement the government's commitment to reinvesting in the arts, as was evidenced by the May 2 announcement. The arts do make a difference.

I informed my colleagues in caucus that nine days after the tragic destruction of the World Trade Center an article appeared in the *National Post* quoting Mr. Wolfensohn, the president of the World Bank, who so eloquently stated:

There is a level—in terms of music and the arts—beyond finance, beyond budgets, beyond economics, beyond politics, that is the inner resource that most of us don't talk about most of the time because it's sort of soft and because it's sort of luxury.

He went on to say:

It would be a terrible thing, in my judgment, for Canada to be one of the leaders in the world, as you are, in so many political and other things, without understanding, developing and giving visibility to your own culture.

●(1605)

I also personally believe we should not fall into a deficit. We should continue with our balanced approach. We should continue to stimulate the economy and to reinvest in the social priorities of Canadians. We should also continue to pay down the debt.

However we must never forget that the values of a society are reflected in the fiscal choices that we make. Let us ensure that Canadian values continue to be reflected in the fiscal choices that will be found in the December budget.

* * *

WAYS AND MEANS

NOTICE OF MOTION

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I rise on a point of order. I must apologize to my colleagues for interrupting this very important debate but I rise on a matter of some urgency.

Pursuant to Standing Order 83(1) I wish to table a notice of ways and means motion to amend the Customs Tariff and the Excise Tax Act to implement certain measures relating to tobacco products. We will be increasing federal taxes and, at the same time, a number of provinces will be taking complementary action. I am also tabling a backgrounder.

I ask that an order of the day be designated for consideration of the motion.

* * *

PREBUDGET CONSULTATIONS

The House resumed consideration of the motion, of the amendment and the amendment to the amendment.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I listened very carefully to the hon. member's comments expressing the views of her constituents who wanted to see the economy stimulated and jobs being created. I would certainly agree with that.

Government Orders

I was surprised not to hear the member make any comment or give any suggestion indicating that one of the best ways to stimulate our economy is to put money into a housing program. If there were a federal infusion of funds into a national housing program, it would be a huge stimulus to the economy and it would meet a growing social need in Canada. For example, if the government decided that it was a priority to construct 30,000 new homes that would create 94,000 jobs in the next five years.

Is the member committed to the federal government making it a priority in the next federal budget to allocate money to a national housing strategy? I am not talking about the little bits and pieces that we have seen through the homelessness secretariat or from the minister of public works. I am talking about a real national strategy involving the Federation of Canadian Municipalities and the federal and provincial governments where we would see a federal commitment to a housing program that would include not for profit social housing. If the government did that, it would provide very good jobs and the real social investment that is needed.

• (1610)

Ms. Sarmite Bulte: Mr. Speaker, the issue of housing and homelessness is very important to the people in my riding of Parkdale—High Park.

Prior to the \$753 million announcement the Minister of Labour made a few years ago, the minister visited my riding and met with community leaders and social activists to find out what the best way would be to focus on the issue of homelessness and affordable housing.

One of the strategies that came about as a result of consultations was that money was provided to increase the youth employment strategy for youth at risk and to help with temporary housing, such as shelters. While the member may think that \$753 million is a piddling amount of money, I cannot tell her what a significant impact those moneys have had on my riding.

The Redwood Shelter in my riding was a recipient of over \$500,000. This money allowed it to expand its facilities to deal with the unfortunate abuse that women and children endure. The money went toward increasing the number of staff, toward improving the facility to make it much more pleasing and toward creating a garden which has had a tremendous effect.

My riding has another incredible project that was a recipient of additional funds under the homelessness program. I am speaking of the all-aboard youth ventures, the River Restaurant, which trains at risk youth in restaurant skills and life skills. I am happy to report that this HRDC program works and that 79% of the at risk youth who come through the program are successful. They are placed within the community. The program has had incredible successes.

We should not forget that the minister of public works has been in consultation with the provinces on the national housing strategy. Quite frankly, I am tired of hearing misinformation that the federal government can act on its own. It cannot. It works together with the provinces. The minister of public works has committed \$680 million shared with the provinces, especially in Ontario, with ongoing negotiations.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I will be brief.

I would like to know what the hon. member thinks of the response of the Minister of Human Resources Development to the unanimous report on the issue of employment insurance.

We know that in June all members from all parties agreed that major changes had to be made. There were 17 recommendations. In the context of the present prebudget consultations, it is important to know whether members share the minister's position that the solution is to do nothing, to change nothing and to put no additional funding into the system because it is apparently working very well.

Does the member share that position or does she agree with her Liberal colleagues who sat on the committee and who were still in the spirit of last year's election campaign, in which they all committed to making major changes to the employment insurance plan above and beyond the mere elimination of the intensity rule? The unanimous report, entitled "Beyond Bill C-2", meaning beyond the bill passed by the government to eliminate the intensity rule, contained 17 additional recommendations.

Does the member agree with the minister or does she agree with the members of her own party and of all parties in this House who were calling for a fundamental reform of the employment insurance plan to enable us to deal with the crisis we are now facing because of terrorism, as well as the crisis in the softwood lumber industry and the overall economic downturn?

Would giving the less fortunate in our society the means to spend some money to meet their everyday needs not be a good way of putting money back into the economy?

• (1615)

[*English*]

Ms. Sarmite Bulte: Madam Speaker, I must begin by saying that there is no dichotomy between supporting my colleagues' part of the unanimous report and the minister. The minister stated her intention to work with all Canadians to ensure that the employment insurance system is there.

Today the minister said that she would continue to do so especially in light of the softwood lumber disaster we are having with the Americans right now. She is prepared to deal with that and said so quite clearly.

The member talked about 17 recommendations. We talk about changing times. There were questions put to the minister about the problem of EI claims not being processed quickly enough. The minister is working with Canadians and with the department to ensure that people who need employment insurance because of layoffs and temporary disruptions in the market, whether in the airline industry or the softwood lumber industry, receive those moneys. We need to ensure that those moneys and programs are there for the people who need it now and who may also need it in the future. I clearly support the minister and my colleagues on this issue.

Government Orders

Mr. Loyola Hearn (St. John's West, PC/DR): Madam Speaker, I would like to follow up on the question that was just asked. I agree wholeheartedly with the member from the Bloc. I also agree with a number of the NDP members who raised this problem and members on this side of the House, particularly those from eastern Quebec.

The minister today said that everyone should be happy that there is an employment insurance program in place and that it is working when asked a question about those affected by softwood lumber. I have no doubt about that and we are thankful that it is there for those who qualify under the present, existing regulations. However there are many people affected now by the softwood dispute, such as contractors, people who work for contractors, and people in the fisheries and seasonal work areas who did not get enough work.

The department that the minister administers has within it the wherewithal and the people to put together solutions to help people. It is not being done. Neither the money nor the attention is being focused where the need is greatest.

Would the member talk to her minister and ask her to listen to those who can provide some direction and help so she can focus on those who need proper help in the country because it is not being done?

Ms. Sarmite Bulte: Madam Speaker, the hon. member raised some other issues and it is important to comment on them. He said that EI programs alone were not sufficient. He is absolutely right.

We have more than EI programs in place. I am reporting on things that have worked in my riding. The readjustment program has worked extremely well in my riding as well as helping youth at risk. Most colleagues probably take advantage of the summer student placement program within their ridings. This provides the experiential training needed to prepare our youth along with other training programs that have been put into place.

One of the greatest achievements of the minister and the announcements that have been made in the last couple of years has been the ability to help women by extending parental leave for a year so they can address the needs of their families while still being able to return to the workforce. We have some wonderful programs and we need to address other programs as we move forward.

• (1620)

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Madam Speaker, I am pleased to participate in the prebudget debate. As the finance minister indicated we will have a budget shortly and, as is the tradition, members like to have an opportunity to reflect the views of their constituents.

I had an opportunity to consult with my constituents in the riding of Mississauga South by carrying out an extensive survey on issues related to Canada's future and how those issues might be reflected in a current budget. Those issues should take care of not only the short term priorities but also plant the seeds and the foundation for the long term vision of the country. I am very proud that the government has been able to do so since it took office in 1993.

We took responsibility for governing Canada in 1993. The deficit of some \$42 billion was a daunting task and a lot of hard decisions had to be made. The government made those decisions and the pain

was shared by all Canadians. We have surpluses now as a result of the restraint shown by all Canadians and the government in its spending. We have also been able to pay down some \$35 billion of debt, which is certainly very important.

My constituents told me very clearly and have for a very long time that deficit financing is a non-starter. We used to be in a deficit which caused great hardship to Canadians. We will not go back to a deficit. Canadians at large would share the view that we have to live within our means.

We have been faced with extraordinary circumstances as a result of September 11 and the events that followed. The government stepped forward and took the necessary measures to invest appropriately in safety and security issues for all Canadians.

We have commitments from the prior budget with regard to income tax relief for Canadians and we will continue with those. Much of the tax cuts will be triggered in the forthcoming year. We have increases in health spending and transfers to the provinces. It is very important that Canadians know that we will continue to invest in health. We had other spending that occurred to respond to emergent priorities of Canadians.

There is ongoing substantial stimulative spending already. Some have suggested that we should spend even more, but we have to listen to the economists and to the financial experts across Canada about the economic lag implication. How much would one have to spend today to have an impact on the upcoming fiscal year? Economists have said that with the commitments made to security measures we cannot spend tens of billions of dollars and still maintain a balanced budget or a small surplus.

The constituents of Mississauga South and I believe all Canadians would say we must protect the fiscal prudence that we have developed over the years and we must live within our means.

Part of the survey that I did was under the theme of an aging society. As I indicated, we have to take care of the obvious priorities. Ipsos-Reid did a survey and a study on an aging society. I was very taken by the results of its analysis. An aging society results from the fact that we have a baby boom generation. This is the substantial blip in our demographics that occurred as a result of post-war birth rates. Those rates have gone down substantially from about 2.4 to 1.6 children per family.

The size of the population over 55 years of age will increase by about another three million people in the next 10 years. The number of seniors in Canada will increase to one-third of the population in 20 years. Members will know that we currently have five workers for every one retiree. We will have only three workers for every one retiree as our baby boomers age.

•(1625)

That means there will be a greater demand on our health care system and a greater reliance on our social security, OAS and GIS. It means that the tax base will erode and people will move away from employment taxation to retirement taxation. It means that we have to start thinking carefully about planning for an aging society. Immigration to Canada will account for 100% of our labour force requirements within 10 years .

I would like to speak about immigrants. It is unfortunate but since September 11 we have had a number of incidents, media reports and commentaries regarding new Canadians, immigrants and refugees. They lumped them all together as a bunch of criminals abusing our health and welfare system. Canadians know that is not true.

Statistics Canada did a report indicating that immigrants to Canada were healthier as a group than born Canadians. The reason was that they had to pass a health test to get into the country. Immigrants as a group were wealthier than born Canadians because in the point system they had to have security and accumulated wealth, which they bring here.

Recent immigrants and visible minorities represent about 30% of the population of Canada and only 10% of the prison population. It is clear that immigrants are least likely to run afoul of the laws of Canada.

Statistics Canada reports that when new Canadians start their careers they lag behind in their compensation levels compared to people with the same level of education and experience, but after five years they exceed the compensation levels of born Canadians with the same experience and education. That is significant because it shows that new Canadians have come here, made a stake, worked hard, dealt with the best and have shown what they can do. They make significant contributions to our country and we should be very proud of that.

We should start to reflect the sensitivity to issues related to an aging society in our budget. We should start to appreciate the importance of new Canadians since we do not have the birth rate to supply the labour force replacement we need. All immigrants have a long history of significant contribution to our country. Although there are circumstances where people have not held up to that standard, we cannot paint all immigrants and refugees with the same brush.

There was one final priority that was set by the constituents of Mississauga South. Although health was the number one priority, they came out very strongly for the environment. The environment is a very important priority for Canadians. We only have to see the issues we have with air and water quality to know that we are exposed in those areas. Our commitments under the Kyoto accord are important. We need to start to lay the foundation for the financial commitment to make sure our air and water are safe and secure.

One constituent made an appropriate comment by saying that without diligent stewardship of our environment there will be no aging society and no future generations.

Government Orders

It is very important that we invest in our environment. We have to meet our priorities with regard to safety and security of our country as we move forward and as resources permit.

•(1630)

We must get on with our priorities of taking care of health care, our seniors and our environment so we will have a growing and healthy population able to enjoy their retirement years.

Mr. Grant McNally (Dewdney—Alouette, PC/DR): Madam Speaker, I will ask my colleague a question about jobs seeing as we have been talking about prebudget consultations and the impact of government policy on the economy. I will ask him a question about a particular industry. If an industry in his own province of Ontario was under threat of losing 30,000 jobs would he take action on it?

I am referring to the softwood lumber dispute that is ongoing across the country but particularly affecting British Columbia. There is a possibility of that many jobs being lost because of the tariffs being put on lumber by the United States and an announcement of another increased tariff. This would have a potentially devastating effect on the industry.

Might the hon. member be willing to consider talking to his colleague the Minister for International Trade to spur him on to find a solution to the issue and not wait any longer? The government acted in the same way on the Bombardier file to come to a quick resolution when there were ongoing trade disputes in that sector.

Might we see the same urgency on this file so that we save jobs not only in British Columbia but across the country? Would the hon. member be willing to undertake to do that on behalf of all members of the House?

Mr. Paul Szabo: Madam Speaker, not only will I do so but I already have. Yesterday I spoke personally with the minister. We talked about the efforts under the WTO. The position of the Government of Canada is that the Americans have made a serious mistake.

I am sure that with the efforts of the minister and all members of parliament we will be able to resolve the dispute and mitigate the downside of these unfortunate tariffs.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I would like to set a number of facts straight. For the first five months of the year the surplus was already at \$11 billion.

Even with negative growth of minus 2% for the rest of the year, which is a very conservative forecast, the surplus will still reach \$13 billion.

The hon. member suggested we may not have the kind of money necessary to stimulate the economy. Does he not realize that all things considered it would be better to adopt the Bloc's position? We proposed a plan that would put \$5 billion into the economy to help it get back on its feet.

Government Orders

We heard about helping the elderly. We do not need a budget measure for that. We know that over 182,000 senior citizens are not receiving the guaranteed income supplement simply because they are denied this supplement even though they are eligible. Does the hon. member not think that his government should rectify this situation as soon as possible?

[English]

Mr. Paul Szabo: Madam Speaker, I did address incremental spending. With the tax cuts, with the additional spending on health—

THE ROYAL ASSENT

A message was delivered by the Usher of the Black Rod as follows: Madam Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate chamber.

* * *

• (1640)

[Translation]

And being returned:

The Acting Speaker (Ms. Bakopanos): I have the honour to inform the House that when this House did attend the Deputy Governor General in the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-14, an act respecting shipping and navigation and to amend the Shipping Conferences Exemption Act, 1987 and other acts—Chapter No. 26.

Bill C-11, an act respecting immigration to Canada and the granting of refugee protection to persons who are displaced, persecuted or in danger—Chapter No. 27.

GOVERNMENT ORDERS

[English]

PREBUDGET CONSULTATIONS

The House resumed consideration of the motion, of the amendment, and of the amendment to the amendment.

Mr. Paul Szabo: Madam Speaker, my previous comments addressed the specific question so I will use the last moment of my time to amplify a couple of points.

First, when I was talking about immigrants I left out one point. Immigrants as a group are better educated than Canadians born in Canada because of the points requirement.

Second, my constituents have told me they wanted to address the issue of poverty. Other members have asked about it as well. The Golden report on homelessness in Toronto stated that 35% of the homeless suffered from mental illness; 28% were youth alienated from their families, of which 70% had experienced physical or

sexual abuse; 18% were aboriginals off reserve; and 10% were abused women.

It is clear from the results that we must address not only economic poverty but social poverty. Some 15% of families in Canada are lone parent families. They account for about 54% of all children living in poverty.

The poverty issue is not just an economic issue. It is a social issue. I hope we will continue to support programs that support stability and security in families so we can address poverty from both the social and economic sides.

[Translation]

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Madam Speaker, after this short royal intermission, I am pleased to speak on the prebudget consultations.

Previously at this time of year we were consulting the public on the directions we wanted the government to take with regard to its budget decisions and, for a number of years already, the use of the imposing budget surpluses it had accumulated.

Strangely enough, this year the prebudget consultation process will result in a rushed budget, or at least an early budget in view of the recent events. I will come back to this in a moment.

Traditionally these past years the government would table its budget in February. Through the years we have noticed that the government would occasionally accept some of the suggestions made by the Bloc Québécois as a result of our own consultations in our respective ridings.

The government has not very often given credit to the Bloc Québécois and our finance critic, the hon. member for Saint-Hyacinthe—Bagot, for our contribution to the establishment or development of its budget policies. It is a pity.

I would say that the government's decision to table a budget this fall stems also from a recommendation my colleague for Saint-Hyacinthe—Bagot had been pushing for a few weeks, in fact since the tragic events of September 11.

Finally, it is high time the government follows up on the suggestion from my colleague from Saint-Hyacinthe—Bagot since the main economic indicators have been pointing to an economic slowdown even before September 11, as a matter of fact for a few months now. In the wake of the tragic events of September 11, this downturn has turned into a free fall.

When we look at the main economic indicators, be they simply the gross domestic product, final domestic demand, public expenditures, goods and services, fixed assets, consumer spending, exports, imports, labour market, unemployment rates, inflation or financial markets, they all point to a slowdown in the economy.

Because of the events of September 11 every financial institution has had to review its forecasts for economic growth.

Government Orders

The average real growth of the GDP which had been estimated with the help of the forecasts of various financial institutions was expected to be 3.4% in 2001.

After the events of September 11, financial institutions have reduced considerably their economic growth forecasts. We are now talking about an average growth of 1.5% both in 2001 and 2002.

Clearly, it was imperative that the government table an economic statement or even a full budget to take into account this new dramatic context affecting directly the jobs of many Canadians.

For a time, the finance minister dodged the issue and rejected the Bloc's recommendation to bring in a fall budget, arguing that the measures in the last budget were quite adequate to help the Canadian economy weather the storm.

First of all, as mentioned earlier, that is not what the indicators were showing.

• (1645)

Secondly, the Minister of Finance was a bit naive when he suggested that a budget that was prepared when there was no indication that a momentous event like the September 11 attack would take place could have any impact whatsoever after it took place.

At last, the government acted on our recommendation. We will have a budget by December. I dare hope the government will consider the many recommendations that are being made here, and those that have already been made and will be made in the coming days, especially by the Standing Committee on Finance, which is having consultations on the December budget.

Hopefully we can expect the government to make its own contribution to an economic recovery plan. One may wonder if the decision to table a budget in December was not motivated by the Quebec government's decision to table its own budget this fall. Besides, as we speak, the minister of finance of Quebec, Mrs. Marois, is tabling an ambitious and very interesting budget, which does put forward an economic recovery plan. Naturally this budget is proportionate to the means of the government of Quebec, those means available to the government in Quebec. Quebec is still only a province and it consequently has the means of a province.

Even with its relatively modest resources, the government of Quebec makes a contribution and does everything it can to ensure that, despite the dramatic circumstances we know, Quebecers maintain a standard of living that meets their expectations.

As for the Government of Canada, it has huge sums of money at its disposal. Since 1996 it has accumulated a surplus in excess of \$30 billion. My colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques referred to that earlier. Despite the tough times we are going through, the federal government will nevertheless manage to accumulate a surplus of some \$12 billion by the end of this fiscal year. This means it has sufficient flexibility.

I will come back in a moment to the stabilization plan proposed by the Bloc Québécois. Who knows, perhaps the government will once again borrow from it to ensure the well-being of Canadians.

That being said, when you look at predictions—I referred earlier to a total surplus of \$30 billion since 1996—I think that before addressing the stabilization plan I should point out that in our opinion the government, and especially the finance minister, knowingly underestimated the surpluses to avoid discussing or publicly debating how these surpluses should be used. Under the existing provisions these may systematically be applied to repaying the debt.

I come now to the economic stabilization plan proposed by the Bloc Québécois and which, I hope, will inspire the government, even though it would obviously not want to give us credit for it.

If we took a very conservative approach and forecast a negative growth rate of 2%, the government would accumulate a surplus in the order of \$13.6 billion. We could allocate this surplus without causing a deficit. This disclaims the Minister of Finance's argument that the Bloc Québécois wants to plunge Canada back into deficit. We would use these surplus funds while avoiding a deficit. This stabilization plan would inject significant sums of money into support measures for small business, employment insurance, obviously, and also into sectoral assistance for different areas of the economy that have been hit particularly hard by the events of September 11, including tourism, the airline industry, biotechnology, shipping, security, defence, and a reserve for a contingency fund and any fiscal imbalance.

I hope the government will present an adequate plan to stimulate the economy.

• (1650)

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I want to congratulate the member for Verchères—Les-Patriotes for his speech. I think he clearly showed that the federal government can afford to make significant reinvestments in the economy and still table a balanced budget in December. While being conservative, and I mean conservative with a small c, it will be possible to pay down part of the debt and to reinvest in the economy as a partial remedy for the economic downturn.

Government Orders

I would like to ask my colleague if he understands the current attitude of the government, which I think is not doing a good job in terms of its reaction to the economic impact of the terrorist crisis. In terms of its role within the international community, things are not so clear. As for security matters the relevance of the government's actions is debatable. However, in terms of its reaction to the economic downturn, it seems clear to me that the government is not doing a good job.

Does the member agree with me that on the other side of the House both the Minister of Finance and the Minister of Human Resources Development seem to deal with this crisis as if it were business as usual, as if the situation were completely normal even though the effects of the downturn can be clearly felt? Is that not a somewhat irresponsible attitude on the part of these two ministers?

• (1655)

Mr. Stéphane Bergeron: Madam Speaker, again I thank my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques for his excellent question.

I want to stress the words he used in his question. I believe he chose them well. He asked me if I understood government's attitude.

Of course we can see what the attitude of the government is. We can grasp it and have an idea of what it is, but as far as being able to understand the rationale behind the decisions made by the government, it's a totally different ball game.

Indeed, at least during the days and weeks following the murderous attacks of September 11, it seemed that the government was, shall we say, riding on its so-called excellent economic performance of the last few years hoping, I believe, that the impact on the Canadian economy would not be too severe, thus avoiding having to hold a public debate on the use of the surpluses.

For the past few years the government has tried very hard to avoid at all cost any kind of public debate on the use of surpluses, knowingly and willingly underestimating them each and every year. The Liberal government forecasts regarding the surpluses were off by \$57.9 billion, whereas the Bloc Québécois was only off by \$2.9 billion.

During all those years the finance minister said that my colleague from Saint-Hyacinthe—Bagot and my Bloc Québécois colleagues were completely off the wall with their forecasts. However it would appear that the one who was off the wall in this story was not necessarily the one who was accused of being so.

One wonders what the government was doing or thinking in the wake of the September 11 events when it had become obvious it was going to have to intervene vigorously.

For a number of days now, the Standing Committee on Industry, Science and Technology has been hearing representatives from various industrial sectors in Canada pleading with the government to take action. They offered a whole range of suggestions, going from eliminating or lowering the payroll tax and the capital tax to investing more and more quickly in the infrastructure. A lot of suggestions are being made. For its part, the government seemed to be hiding behind some kind of inertia with regard to the situation.

Is the government's attitude understandable? I would say not. I hope the minister will finally answer our many questions when he presents his budget in December.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I am pleased to speak to this matter today.

It may be useful to remind those listening in that the suggestions we are making to the government in the debate on the budgetary estimates are the result of three things.

First, there is the terrorism crisis which has changed everything in our society. It has put into question numerous elements and has had considerable economic impact. The second element is the current lumber crisis. Finally, there is the economic slowdown which we anticipated.

The consequence of this situation is that after hesitating for weeks and after we repeatedly asked him to table a new budget, the Minister of Finance has finally decided to do so.

I believe it is important that the people understand clearly what is going on. During the first five months of fiscal year 2001-02, we accumulated a \$11 billion surplus. This means that without an economic slowdown the surplus could have reached \$25 or \$30 billion for the year.

Unfortunately since the end of August and the beginning of September, and especially since the events of September 11, there has been a significant downturn.

If the Minister of Finance wants to determine how much room he will have to manoeuvre in his next budget, he should do it on the basis of the \$11 billion already accumulated and on the basis of the forecasts he can make for the next seven months.

The Bloc Québécois did a very conservative estimate which, even with a negative growth of 2%, puts the annual surplus at \$13.6 billion.

The government can choose to spend the whole amount on the debt or it can decide to use a significant part of it for economic recovery, since we are going through a serious economic downturn.

The budget tabled this afternoon by the Quebec finance minister contains a very concrete measure. The minister will give \$100 to some 2.5 million Quebecers in December so that these people can benefit from that money, spend it and stimulate the economy. I believe this is an interesting measure.

Since Quebec is forced to divide its budget efforts and its decisions between two levels of government, and it will remain so as long as we are part of the Canadian system, the Bloc Québécois suggests that we invest \$5 billion of the \$13 billion surplus to bolster economic recovery.

We are talking about some \$1.85 billion worth of support measures for small and medium sized businesses, low cost ad hoc temporary measures aimed at increasing investments and demand by giving businesses a boost.

Government Orders

There is, for example, the postponing of instalment payments by small and medium sized businesses. We could let them breathe a bit by exempting them from making these payments for a little while, to help them get through these difficult times. Travel agencies for example could benefit from this measure.

We could also give them an EI premium holiday for the months of November and December. This would help both employers and employees free money that could be used to buy products, thereby helping businesses.

This way about \$1.8 billion would be put back into the economy: \$750 million for workers and \$1.50 million for businesses. For a start, these are interesting amounts to rebuild confidence and give businesses a kick start.

Another important point, of which I am particularly proud, is that we would spend \$1.15 billion on improving EI conditions.

Employment insurance is there to provide an income to those who have lost their job so they have enough money to pay their family's daily expenses. The money also goes to manpower training.

Right now the federal government is sitting on a \$250 million reserve it will not hand out to the provinces, which are in charge of manpower training programs. It is keeping it for itself.

Now that we have a major increase in unemployment, with people unexpectedly losing their jobs, this money should be made available to help them upgrade their skills. We should make sure those who bear the brunt of the lumber crisis, those in my own area for example, get EI benefits, by letting them qualify with a minimum number of hours and giving them additional benefit weeks.

The American president, Mr. Bush, who is not exactly considered a man from the left on planet Earth, has seen fit to add 13 benefit weeks to the American EI plan.

● (1700)

I do not mean to compare Canadian and American social programs but I want to emphasize that in the current context some people are taking action while we are still awaiting the reactions of others, like the finance minister.

He has been using the EI plan as a cash cow for years to pile up money and erase the deficit but he did it unfairly. He did it on the backs of those who earn less than \$39,000. The next budget will be an opportunity to right this wrong.

For example, he should make sure that older workers who lose their jobs will be given a chance and will get some kind of interim income to have a decent living while they wait for their QPP or OAS benefits. Some people are no longer fit to get training for another job and are not able to get back on the labour market.

He should also make sure that low income workers will have their income raised from 55% to 60%.

The minister must also make sure that young workers can qualify without any discrimination. Even today, where I come from, a young worker must accumulate 910 hours of work to qualify for employment insurance whereas another worker needs only 420 hours. Do we know the consequence of such a rule? Our young

people are leaving the region and we are losing our workforce. If we eliminated that discrimination, maybe we could keep our young workers. They are often the first ones to lose their jobs when there is a downturn like the present one. Nowadays the first ones out the door are young workers. The same is true for older workers who are really affected.

We should invest in this plan. Our recovery plan would require \$1.15 billion in total.

My colleague, the industry critic, spoke very eloquently earlier about sectorspecific assistance, tourism, the airline industry and biotechnology.

The airline industry is a big part of tourism but tourism is also, in each of our regions, all those people, Americans and Europeans who did not come to Quebec or to Canada this fall because of all the insecurity. We therefore have to compensate those businesses which do not necessarily generate high profits. This industry needs assistance. There are things that can be done in this regard.

We have set aside one billion dollars for defence and security. We are well aware that we are indeed living in peculiar circumstances and that we have to face them. We have a contingency reserve of \$600 million.

Our plan is therefore very realistic. We hope the Minister of Finance will carry it out. He can make adjustments as necessary. He can add other ideas from today's debate or other suggestions but the basic idea is that the federal government has the surpluses needed to boost the economy and that if it only collects money and pays down all of the debt it will not be assuming its responsibility in the months or even in the years to come.

Of course we have to keep on trying to lower the debt but we can do it while maintaining a balanced approach to revive the economy. This is what we expect.

Finally, I will focus on an aspect which seems very important to me. I am talking about the tax imbalance.

Today we may have the most flagrant example of that. The Quebec minister of finance is tabling a budget at this very moment. With the means at her disposal, she is trying to do her best to boost the economy. Meanwhile, the federal government has huge surpluses. Even under the current federal system in Canada, there needs to be a significant tax transfer so that provinces have the funds they need to fulfill their responsibilities.

We have known for a long time that the aging population, education needs and health needs in general are all areas that will become increasingly important. These are the responsibilities of the provinces. Unfortunately, the federal government has not given a large enough share of its tax revenues to the provinces to enable them to fulfill these responsibilities.

Government Orders

I think an effort should be made in that regard in the next budget. The Minister of Finance should say “Yes, we do have a responsibility toward the provinces. We have a tax system that allows us to collect more money than we need. We must give part of that money to the provinces so they can fulfill their responsibilities”.

The overall action plan that we have put forward contains constructive proposals that deserve to be considered by the Minister of Finance. We hope to see, in the budget he will be tabling in early December, most of the proposals that we have made, which are in the interest of Quebecers and Canadians.

• (1705)

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Madam Speaker, I have two questions and I would like my colleague's comments.

First, he spoke about older workers. One of my great disappointments these past few weeks, after the events of September 11, was to see the worsening of the labour market that has hit older workers, particularly those who are 58 or 59 years of age. Often they have worked almost 25 years for their company. I am thinking for example of the workers at Pratt & Whitney and of the workers in companies such as Néon in Montreal's west end who lost their job and find themselves in very uncertain circumstances, having a lot of difficulty to find another job.

My first question is this: what is my colleague suggesting in his action plan and what specifically is he asking the Minister of Finance to do to fight against this scourge which may get worse? Some economic forecasts are predicting a 10% unemployment rate. We will have to deal with this.

My second question deals with incentives and credits that might be provided in the next budget for renewable energies. We know we have to deal with some major challenges in Canada, such as reducing greenhouse gases in a context of continuing climate changes. We also have to adopt production methods that would allow us to produce renewable energies.

My question is as follows: would the hon. member agree that the next budget should contain credits and incentives to promote production methods such as wind energy?

• (1710)

Mr. Paul Crête: Madam Speaker, with regard to the older workers issue, the solution does not come from me but rather from older workers themselves, and it was unanimously approved by the Standing Committee on Human Resources Development as one of the 17 recommendations.

That recommendation called upon the government to put in place a program similar to the previous program for older worker adjustment, or POWA, which died on March 31, 1995, under the current Liberal government. We will really need that type of program over the next few months because of the massive layoffs currently underway.

Just yesterday I was talking to the member for Trois-Rivières who was telling me about a situation experienced in his riding. In Sherbrooke, I met workers from the Beloit company who went through the same thing two years ago.

These workers became social assistance recipients. Members should hear the testimonies we heard on the subject. It is just terrible. We have often experienced similar situations in my riding. We are talking about people who worked in sawmills, for example, who became experts in their field, who started working there with a grade 7 or grade 8 education and who worked 25 to 30 years for the same company. These people will not become computer technicians overnight.

These people are almost 60 years old. They earned a good living, paid employment insurance premiums during their whole career and are suddenly faced with nothing after receiving EI benefits for 20, 30 or 40 weeks.

More should be done. Considering that the surplus in the EI fund will soon reach \$40 billion and considering that this year again a \$6 billion surplus will be accumulated, it would be fair to allocate a reasonable amount to this issue so as to recognize the contribution that these workers, who are leaving the job market, have made to our society.

As for the question on renewable energy, I find it very relevant. In my region, the vast eastern region of Quebec, the lower St. Lawrence and the Gaspé Peninsula, there is enormous potential. I have been told that in Quebec this is probably the region with the greatest potential.

It would be interesting because in our society we must evaluate short term needs, but also medium and long term needs. What we will do in the future with our planet, our society, is being determined now. If our children can live in a better environment and enjoy a better quality of life, it will be because of concrete measures such as those.

I think that if the federal government decided to include something like that in the upcoming budget, it could achieve positive results at a very low cost. I hope that an initiative, such as the one proposed by the hon. member for Rosemont—Petite-Patrie, can be included in the budget. This would be another contribution on our part, in addition to the \$5 billion action plan proposed by the Bloc Québécois.

• (1715)

[English]

Mrs. Marlene Jennings (Parliamentary Secretary to the Minister for International Cooperation, Lib.): Madam Speaker, I am quite pleased to take part in the debate on prebudget consultations.

I had a chance over the summer to consult with many members of my constituency, which is Notre-Dame-de-Grâce—Lachine. I also had a chance to speak with quite a few of them following the events of September 11. I would like to highlight one important point.

Government Orders

The overwhelming priorities of the majority of people in Notre-Dame-de-Grâce—Lachine prior to September 11 have changed significantly since then. Prior to September 11, they were looking forward to the government investing significant sums into stimulating the economy, such as the broadband rollout to ensure that all communities across Canada had access to high speed wireless. This would help improve access to higher education. It would help the economy and stimulate economic development in the small communities in the remote and rural areas. It would also help those small communities to deal with the issue of retaining their young people and attracting new populations and businesses into them.

Health was also high on the priorities. I believe my colleague on this side of the House talked earlier about a survey not too long ago, but definitely before September 11, that showed something like 66% of Canadians thought that health was the primary objective.

Since September 11, the prism through which residents in the Notre-Dame-de-Grâce—Lachine riding look has changed significantly in terms of the budget and government priorities.

That tragedy has brought home the notion that to protect democracy and our fundamental rights and freedoms we need good security. For that, we need to provide our law enforcement with the tools and the resources necessary to ensure that high level of security and to ensure that democracy within Canada is protected. Also, to ensure that democracy is reinforced worldwide, the majority of my constituents support Canada's involvement with its allies in the latest military struggle to combat terrorism. Therefore, they also recognize the need for investments for our military.

These have become priorities for most Canadians, and definitely for Canadians and non-Canadians residing in my riding. I have a very multi-ethnic and diverse riding. It receives new Canadians and newly arrived immigrants every year.

However, one priority, which has always been a priority in Notre-Dame-de-Grâce—Lachine, is Canada's role in international development and co-operation. Now it has become even higher on the radar screen.

As an example, while the Notre-Dame-de-Grâce—Lachine Liberal riding association is partisan, it has had one of the most active social policy committees across Canada. Many of its resolutions have dealt with issues of international co-operation and development, Canada's need and role in combating poverty, not only in Canada but across the world and ensuring access to primary education within the world.

I will be sharing my time, Madam Speaker, with my colleague from Toronto—Danforth.

• (1720)

Since I have been there and also during the years of my predecessor, Warren Allmand, a priority of my riding has been Canada's role in international development was important and Canada's investments in that area was also important.

As I said, since September 11 the prism through which residents of Notre-Dame-de-Grâce—Lachine look at issues of budget priorities has changed. Along with the priorities that I announced

and with which they agree, they also wish to see the government place an emphasis and priority on international development.

They were very pleased with the throne speech of this year where the government clearly committed to increasing its investments in official development assistance and seeing that those investments went to reducing international poverty and to strengthening democracy, justice and social stability throughout the world.

We have heard many people comment on the root causes of terrorism. As we all know, those terrorists who actually committed that heinous crime on September 11 came from the middle class. However support for the type of vile ideas that they have been vehicling is found in those countries that are the poorest, where children do not have access to basic health services or basic education.

People in Notre-Dame-de-Grâce—Lachine recognize that and feel that Canada, which is noted across the world for the great work that it has done in the past and is doing today in official development assistance in international development, needs to maintain its commitment on that front.

I will not take much more time because I want to ensure that my colleague has the opportunity to speak. Therefore I will end by saying that Notre-Dame-de-Grâce—Lachine the overwhelming majority of constituents in support the government's actions and is confident that the government will bring down a budget which addresses the priorities in security and law enforcement and addresses our need to support our military involvement in the fight against terrorism. As well, they are confident that the government will look at the other issues that are pressing and that need to be addressed in the medium and long term.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I have a short question for the member which has to do with parliamentary supremacy when it comes to matters of the budget.

Is the member, as a Liberal backbencher, content to allow this input and perhaps some in caucus and then to vote according to the party mantra? Whatever is done right now and in the next month in the back rooms of the finance department will become law and there is absolutely no mechanism in parliament to even make a small amendment to the budget when it is brought down. Is the member content with that?

Mrs. Marlene Jennings: Madam Speaker, the budget is the incarnation of the government's commitment to the Canadian public. It comprises those commitments on which the party was elected to government. That is my answer.

Mr. Dennis Mills (Toronto—Danforth, Lib.): Madam Speaker, I want to thank my colleague, the Parliamentary Secretary to the Minister for International Cooperation, for allowing me five minutes to deal with this issue. I wanted to be on the record because after the budget is tabled, if we have not put our thoughts to the minister and to the finance department, we have no one to blame but ourselves.

Private Members' Business

I personally believe that this budget will be the most important budget that the Minister of Finance has ever tabled. I believe it will be a career-making or a career-breaking budget. In the last eight years we have had huge bonuses in the economy as a government and as a House of Commons. The GST take alone, in the last eight years, has been almost \$200 billion which has gone into the system.

I want to be on the record on three specific points to the Minister of Finance and to the finance department.

First, I am afraid to death of the way we are treating small businesses at this precise moment. I have heard in the last two weeks from small businesses that the banks are starting to lose the sensitivity they built up over the last number of years. I appeal to the Minister of Finance to make sure the banks become very sensitive to small businesses over the next few months as we go through this bad patch. Mr. Greenspan in the United States made that point a few days ago to the banks of America.

The second point I want to raise has to do with the issue of consumer confidence. As a government we have very little influence. Our leverage in making an impact on this economy and on confidence is marginal now because we have retreated so much from the economic activity of this country. Our leverage is very small in this grand economy. We will have to do something bold to really have an impact, to really have some leverage and to recapture some of the consumer confidence that was there just eight months ago. It was fragile before September 11 and it is obviously much more fragile now.

My recommendation is that we look seriously at giving Canada a six month GST holiday. I would prefer it for a year but I would settle for half the loaf. That would really give a blast of confidence and put some juice into our economic system. It is something we need to do because playing around the edges will not rebuild the confidence that is sorely needed.

I am absolutely frustrated that we do not have more time to deal with budget preparation. This should be a debate with unlimited hours. We should throw the clock away. The notion that this debate has to end in such a short time is tragic, especially when it is the most important economic moment probably in 50 years of our country's history.

I humbly and firmly appeal to the Minister of Finance and to the officials in finance to be bold and make sure we think of those people who are part of that human deficit right now because that is really why we are Liberals. The human deficit is much more important than the fiscal deficit.

• (1725)

Mr. Ken Epp (Elk Island, Canadian Alliance): Madam Speaker, I remind the member that he was elected in 1993 on a platform of killing the GST. Now he is proud of the money the government is getting from it and he is proposing a six month holiday. I would suggest to him that a six month holiday on that tax would in fact give a temporary impulse to the economy and then would kill it totally when the tax kicked back in. Everybody would have spent their money in that time and then they would shut it down completely. It is like putting a tourniquet around your neck when you have a nosebleed.

• (1730)

Mr. Dennis Mills: Madam Speaker, I respect the member's point of view. I respect the point of view of the Parliamentary Secretary to the Minister of Finance.

If the hon. member has a better idea for stimulating consumer confidence I will be there, but so far I have not heard anything on how we can stimulate consumer confidence. I have listened to the debate all day. If the hon. member can come up with a better idea I will be there to support him.

[Translation]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Madam Speaker, I will take advantage of the presence of two persons who are very interested in the question of banks to ask them whether we should not pass in this House a bill on community reinvestment by banks, like the one the U.S. has had since 1977.

[English]

Mr. Dennis Mills: Madam Speaker, it is no secret to the House or to the country that I totally support that idea. If there is a weakness in the country, it has been our inability to really mobilize banks and their attitude toward small and medium sized businesses and those businessmen and women. We will need to do it in this next budget.

[Translation]

The Acting Speaker (Ms. Bakopanos): It being 5.30 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

[English]

CLIMATE CHANGE

Mr. Bob Mills (Red Deer, Canadian Alliance) moved:

That, in the opinion of this House, the government should renew discussions on climate change through the development of a new transparent, accountable consultation process, based on sound science and economic study, that results in realistic goals for carbon emissions reduction.

He said: Madam Speaker, it is certainly my pleasure to speak today about this most important subject. I think this will be one of the subjects, next to terrorism, that in the next few months will be on many people's minds.

In times of peace and prosperity it is very easy to talk about things, to agree to treaties and to promise things without really knowing what they mean or what they might do to the Canadian public. It would be easy to find the money to cover up some of these loose promises, but now we are in a different situation. In times of crisis like these, talk is expensive. Words are expensive. Every word carries great weight. In times of crisis we must renew those commitments made when we were in a free and easy mode. Those commitments made with great optimism but without regard for consequences were excusable then but are inexcusable now.

Private Members' Business

This brings me to the subject for today. I think that within the next year Canadians will be facing perhaps the most expensive government commitment since World War II. I am not talking about new security measures, which will undoubtedly be costly. I am not talking about the ongoing war against terrorism, which will also be costly. I am talking about Canada's commitment, signed in 1997, to the Kyoto protocol. As we speak meetings are going on in Marrakesh with the intention of ratifying it. The minister will be joining those meetings next week.

In light of that I have put forward my motion today to, I hope, begin discussion in the House about this most important subject. I strongly believe that the Kyoto protocol is not the right answer for climate change. I agree there is climate change but I do not think the Kyoto protocol is the answer.

I would like to address the specific flaws of the accord and present my vision of an action plan that would much more effectively address the problems of climate change and greenhouse gas emissions. The Kyoto protocol would do little to help the environment, yet at the same time it would bring great pain to the Canadian economy. Very simply, I believe that the Kyoto protocol is unworkable, and if this house is built on sand and a storm comes, this house will fall down.

Kyoto is a bad agreement. It is an agreement built on sand. The storms of reality have come since September 11 and the Kyoto house will undoubtedly fall. The best we can do is tear it down before we Canadians get hurt. While filled with good intentions, the protocol would do little to prevent global warming. The actual accomplishments of Kyoto, if its carbon emission reductions were to be met, would be almost nothing.

One of the lead scientists involved in the International Panel on Climate Change has estimated that if all countries that signed the protocol, including the U.S., lived up to their commitments, projected climate change would be reduced by only less than one-fifth of a degree celsius by the year 2100. In other words, projected climate change would be delayed by only six years by 2100, yet developed nations are willing to spend trillions of dollars for just six years. For all those trillions of dollars spent worldwide to implement the protocol, it would achieve almost no reduction in projected temperature increases.

If ratified, the protocol would legally bind Canada to reduce its emissions to 6% below 1990 levels. This is certainly no easy task especially considering that in 1999 Canada was 15% above 1990 levels and 22% above Kyoto commitments. How can we expect to reduce emissions below 1990 levels when we have pushed ourselves so far above them?

Let me remind everyone that in 1997 the Liberal government entered into the Kyoto talks without a plan. In fact, we were the only G-8 country without a public position before Kyoto. The Reform Party at the time pushed for accountability. What was the Liberal plan? How much would it cost? Nothing was forthcoming from the government. There was only constant evasion of the question, with big words but no plan. Let me also remind the House that now in 2001 the Liberal government, threatening to ratify Kyoto, still has very little idea of a concrete plan or its cost. It entered into the Kyoto

protocol full of great intentions but with empty words and no notion of the costs of implementation.

● (1735)

The Prime Minister has yet to open his eyes to the drastic effects of ratifying Kyoto. So far the Liberals have plans to meet only one-third of the Kyoto commitment. The most interesting developments and repeated assertions by the Prime Minister and his colleagues are that they support development of Alberta's tar sands and other production for export to the U.S. That is going in exactly the reverse direction of meeting the Kyoto commitment, yet they still claim they can meet their targets.

The United States has now rejected the Kyoto protocol. The country that emits close to 25% of the world's emissions is not bound by the protocol. It has decided there are better ways to fight climate change and in co-operation with industry is looking for more effective solutions. It is looking for solutions and it is getting there. Canada is not.

Our biggest trading partner is exempt from a hugely expensive burden that will affect every person in Canada. Not only would this mean that the much higher energy prices in Canada compared to the U.S. would drive many businesses away from Canada to other countries, and what our dollar is doing now is nothing compared to what it will do if we ratify Kyoto, it would also mean that pollution is not eliminated, only transferred to another country.

As well, not only is the pollution in many cases transferred to a different part of the world but companies will not be pressured into developing and implementing cleaner technologies that can have benefits for air quality.

The government's own projections of the cost of implementing the Kyoto protocol lie between 1.5% of Canada's real GDP per year to an unbelievable 10% of real GDP per year. The Liberals have promised no carbon tax and no new energy program for controlling the wealth of energy rich provinces, but carbon emissions trading schemes being considered in order to reach Kyoto targets are only another name for a carbon tax or a new national energy program and they may be more expensive.

We must remember that economic recessions are defined by 1% to 2% reductions in GDP. We must also note that our economy has been slowing for many months. The September 11 attacks have slowed this growth even further. Adding one recession to the recession that would be brought about by Kyoto would mean economic depression.

Private Members' Business

Even though the government continues to boast about its spending of \$2 billion on climate change, it forgets to tell about the total cost to Canadians, which is billions and billions of dollars in lost revenue in this country. This means that jobs, technological advancements and our very security will be threatened. It also means money for our environmental programs is seriously compromised. Air quality monitoring, particulate reduction, water treatment, endangered species protection and stewardship programs are badly hurt by such ineffective spending, but these programs have the very tangible results that Canadians want and deserve.

Another fundamental flaw of Kyoto is the way it does not include developing countries. While developed countries had in the past been the biggest greenhouse gas emitters and are responsible for most greenhouse gas emissions, according to the U.S. department of state the net emissions from developing countries now exceed those of developed countries. I have been to Beijing, Mexico City, Rio and Santiago and have literally chewed the air. That is what is happening in those developing countries. I know that these emission problems are our responsibility, but we need to help those developing countries, not simply do things to Canadian industry. How do we help these nations leapfrog the terrible industrial pollution levels that they will face in the coming decade? They must be included in renewed discussions.

That leads me to my vision of renewed climate change discussions and more realistic domestic action. The government's empty words, loose promises and commitments must give way to meaningful words and effective action. We are in a time of crisis and our words carry much power.

We have long been bound by the Kyoto protocol, but it now must die. The protocol has created much awareness of the climate change issue. It has created much that is good but also much that is not good. It is holding us back from new commitments and new action to address climate change. It is Canada's climate change albatross and it has to be taken from around our neck. It is time to move on this issue.

• (1740)

First, I believe that we must break the pressures that Kyoto will create. We must put an extra push on renewed research into the great gaps of climate change science. The Liberal government has invested much in the Kyoto protocol and it will not admit the weakness of climate change science. Much science is not objective here. Much of the time this science is government supported to prove the Liberal government's position. This must change.

It might allow for more recent developments such as prominent U. S. NASA scientist James Hansen's recent research about how reducing certain carbon air particulates may be a much more effective way of combating climate change than the constraints of Kyoto. Such an approach makes sense. Reduce particulates that have tremendous health impacts while reducing climate change. This would be a double benefit rather than Kyoto's double drawback.

A 12 year old girl wrote me horrified by what she thought climate change was going to do. She thought there was going to be a 20 degrees Celsius increase in temperature, massive flooding, violent weather and so on. She was terrified for herself and her family. I sent information to this young girl telling her that things were not that

bad, that scare tactics were being used. Let us get back to the real science.

Second, so much potential good is lost when money is wasted. Tangible and necessary environmental programs such as water treatment, air quality monitoring and stewardship programs are compromised when money is wasted. The huge amount of money wasted on Kyoto is much better spent on increased support for research and development and cleaner energy technologies.

An hour ago I visited an ethanol plant here in this city. That is one of the technologies we must promote. By focusing on technology, our economy avoids being depressed while better support for research and development helps to guarantee faster leaps and bounds in clean technologies which we can then pass on or sell to developing countries.

In the present climate of uncertainty and heightened security, it also makes sense to support the development of a diversified supply of energy sources including natural gas, ethanol, fossil fuels, wind and hydro, hydrogen fuel cells, and so on. Five years in energy technologies make a world of difference. A five year old power plant is dirty compared to one built today. With increased support this will occur even faster. A strong economy is critical for these technological leaps and bounds to happen.

Third, while targets in international discussions are possible, they cannot take place without significant experience with domestic localized action. The provinces must agree to any commitments made in these international discussions. More local tangible actions are meaningful and must be where the bigger ideas of international targets find their inspiration and their roots. Commitments must be meaningful rather than being pie in the sky. This means having realistic goals worked out with those who are largely responsible for meeting those targets: the provinces and industry.

Fourth, the United States, Mexico and our other trading partners under continental programs must be in agreement before we sign any protocol. Unlike the European Union, we are just at the beginning of developing new co-operation. We cannot be put at an unfair disadvantage to our key trading partners. Again, this means pollution is only redistributed and we are hit with severe economic problems.

Fifth, we must include developing nations in climate change discussions. This does not mean setting targets for them; it means helping them to leapfrog.

Private Members' Business

Sixth, we must continue to focus on programs that encourage energy and resource efficiency. Where possible, ways and means that encourage Canadians to be more efficient in their use of these resources must be supported and discussed.

• (1745)

Mrs. Karen Redman (Parliamentary Secretary to the Minister of the Environment, Lib.): Madam Speaker, I would like to take this opportunity to thank the hon. member for Red Deer for his motion to discuss the goals for carbon emission reduction.

The seventh Conference of the Parties, also known as CoP, currently is being held in Marrakesh. The purpose of the session is to finalize the text of the Bonn agreement which was reached at CoP six this past July. As the Prime Minister has said, the Bonn agreement opens the way for Canada's ratification of the Kyoto protocol next year, following full consultations with provinces, territories, stakeholders and other Canadians.

The public input on the ratification decision and the approaches that the Government of Canada could use to meet our targets and commitments will be the focus of these consultations. Work is currently under way to design this process. I want to be clear that the process will build on a large number of consultations that have been and will continue to be conducted by the federal government since the original Kyoto agreement which was signed in 1997.

For example in 1998, federal and provincial energy and environment ministers established the national climate change process. This initiative created 16 issue tables involving 450 experts from industry, academia, nongovernmental organizations and the government. A number of climate change initiatives in the federal government's action plan 2000 on climate change have drawn extensively from the results of this work already undertaken.

In addition, joint meetings of federal, provincial and territorial energy and environment ministers are held regularly to discuss various approaches to meeting our Kyoto target. Through our public education and outreach activities, the federal government has been reaching out to Canadians, both through door to door and national campaigns, working to ensure that Canadians have the information they need to participate fully in climate change discussions.

The government feels strongly that a rich discussion involving government, industry, interest groups and Canadians is critically important. Let me say unequivocally that the government's goals for reducing greenhouse gas emissions are realistic. We are committed under the Kyoto protocol to reducing our emissions to 6% below 1990 levels by the period between 2008 and 2012. That amounts to a 200 megaton reduction per year by 2010.

Similarly our plans for meeting that goal are realistic. The Government of Canada has invested \$1.1 billion in climate change initiatives through budget 2000 and action plan 2000. Together with the sinks component of the Bonn agreement these could deliver about one-half of the 200 megaton reduction that we need to reduce emissions to meet our said target.

We currently are developing additional initiatives to take us the rest of the way to our Kyoto target. The consultations that the government will be undertaking will focus on different policy approaches for achieving this goal. These consultations have been

and will continue to be based solidly on sound science. Indeed the science of climate change has advanced considerably in recent years. We now understand better how climate systems function and we have a greater confidence in our models for making projections.

Last January the world's best climate scientists, including many from Canada, worked together through the Intergovernmental Panel on Climate Change and released the third assessment report on climate change. I would like to quote directly from that report. In it, the IPCC said "there is new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activity".

Because of that human activity we can expect average global temperatures to rise anywhere from one and a half to six degrees Celsius by the end of this century. In Canada we could see even greater temperature increases in some regions. I want to be very clear that we understand the huge impact that this seemingly small change could have in average temperature.

• (1750)

Let me remind hon. members that during the last ice age average temperatures were only five degrees cooler than they are today. A simple five degree increase in average temperature was enough to melt the vast ice sheets that covered this continent.

Science tells us there will be dramatic consequences to the increases in temperature that we are facing. There could be more severe weather events such as thunderstorms, heavy rain, hail and tornadoes. These could take a heavy toll on human lives and property. Longer and more intense heat waves could make air pollution even worse in urban areas. We could see more droughts like the one that spread virtually from coast to coast this past summer which would affect agriculture and increase the risk of forest fires. Drier conditions may also affect the quantity and quality of our drinking water.

In summary, sound science is the basis for sound policy. Canadian scientists have an international reputation for excellence in climate science and in modelling future climate through general circulation models. In budget 2000 the Government of Canada created the Canadian Foundation for Climate and Atmospheric Sciences to improve our understanding of climate processes and improve our ability to predict future climate. This will help Canadians in various sectors in all regions of the country adapt to the changing climate.

Private Members' Business

However, sound science is just one part of the picture. Sound economic analysis is also critical. Economic study underpins all of our efforts to achieve Kyoto and its targets in the most cost effective manner possible. Through the national climate change process the government has been working with the provinces and the territories to undertake extensive analytical work on a number of fronts. We are examining, among others, the economic implications of different policy options for meeting our goals, trade and competitiveness implications, and the role of major economic instruments such as domestic emissions trading.

Sound science tells us we need to act. Sound economic analysis tells us our goals for reducing emissions are indeed realistic and that we can seize opportunities by acting.

The Government of Canada will be consulting with Canadians over the next several months based on this science and this analysis to gain their input on the best policy options for meeting our Kyoto target. There is one thing we can be sure of and that is that we are committed to meeting our Kyoto target. We believe that Canadians will support us in that goal.

* * *

[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Ms. Bakopanos): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed certain bills, to which the concurrence of this House is desired.

* * *

● (1755)

CLIMATE CHANGE

The House resumed consideration of the motion.

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, I am pleased to rise today to take part in the debate on climate change and, in particular, the motion moved by my colleague from Red Deer.

Admittedly the motion will initiate real debate on climate change on the eve of a major conference on climate change to be held in Marrakesh, following an agreement signed by the parties at the conference No. 6 in Bonn last July.

Before dealing more specifically with the issue and my colleague's motion, I would like to indicate Quebec's firm support for the important Kyoto protocol.

Not only is it important and is Quebec committed to meeting the goals set in the protocol, but on April 10 the national assembly unanimously passed a resolution stating, and I quote:

That the National Assembly ask the federal government to restate its commitment to meeting the greenhouse gas reduction goals set by the Kyoto protocol on climate change, and urge the federal government to take an active part in the current efforts aimed at asking for negotiations so that as many states as possible ratify the protocol.

To Quebec then it is clear that Canada must commit not only to a greenhouse gas reduction but also to prompt ratification of the Kyoto protocol. I must say that it is somewhat disappointing on the eve of

this important conference at Marrakesh that the protocol has not been ratified here in Canada.

We will recall that in Bonn last July a number of agreements were concluded between the parties. The Bonn agreement might be summarized as one in which the members of the conference identified methods for assessing efforts toward attaining the objectives.

As well, it was determined among the parties what sanctions would be imposed on conference member countries should they decide not to respect the commitments made on the international level.

It is also important to bear in mind that unfortunately the United States decided to withdraw from the negotiating table for reasons of its own. I think that its absence must be regretted and it can only be hoped that it will return within a few days, perhaps with a new proposal. At the very least, it strikes us as essential for the Americans to get back to the table.

In this agreement, the countries decided to reduce their greenhouse gas emissions by 5.2%, based on the 1990 level.

This is also an important agreement with respect to carbon sinks. We must recall that there were a number of debates at the international level on the effectiveness of these carbon sinks in reducing greenhouse gases. It was then agreed that countries could factor carbon sinks into their respective goals.

We think this is a step in the right direction but this mechanism within the Kyoto protocol must not be used—and this is obviously the risk—to prevent a real reduction of greenhouse gas emissions. We must instead use the Canadian forestry and planting capacity to absorb carbon gas.

In this regard, we hope that next week in Marrakesh the countries will reduce the contribution and the efforts that may be attributable to the contribution of carbon sinks within the goals.

We fundamentally believe that the contribution of carbon sinks within the goals should be limited to about 10% because we are concerned that Canada could use this mechanism provided for in the Kyoto protocol not to move toward a real reduction of greenhouse gases.

● (1800)

On April 4, 2001, the Prime Minister stated, with respect to carbon sinks, and I quote:

The sink is extremely important for Canada. Because we have a lot of land we could create a situation where a lot of CO₂ could be absorbed if we had a good system of trees or plants in Canada.

My point is that I am not against including carbon sinks but I think we need to limit the percentage assigned to them in the objective set in Kyoto.

Another aspect included in the Bonn agreement is the commitment of countries to avoid using nuclear power. Having been at the other conferences between parties, particularly conferences 4 and 5, we know there was considerable debate. Is nuclear power a clean development tool or not? Yes, it may be clean in terms of climate change, but there are also environmental risks involved.

An important agreement came out of Bonn to the effect that the parties would refrain from using nuclear projects in development. In Marrakesh we must be ready and on the lookout. Discussions will focus on the legal wording of the Bonn agreement, which will be clarified next week.

We will have to make sure that refrain from really means ban. Experts have debated the matter and there will have to be legal recognition that refrain from, in the Bonn agreement, will be considered, in Marrakesh and in the COP7 agreement, to be a total ban on the use of nuclear power.

In broad terms, these aspects, including the mechanisms of interchangeable credits, were discussed. We hope that, in Marrakesh, the legal texts will reflect the agreement reached in Bonn. I must say it is an important agreement.

I prefer an agreement such as the Bonn one, which is not perfect but at least we have an agreement. Now we must ensure that one of the major producers of greenhouse gases over Canada, the United States, can come back to the discussion table and submit a proposal in keeping with the international commitment and consensus.

The other aspect that the motion submitted by my colleague from Red Deer deals with is responsibility. My colleague would like to see a new formula based on responsibility, and I totally agree with that. I think the provinces must be made accountable for the commitments made at the international level, in Kyoto or in Bonn. Of course we would like to see Quebec represented at this conference but we believe that the provinces must be held accountable. This is why Quebec has submitted an action plan.

We have subscribed to the Canadian action plan on climate change but we have gone even further. We have adopted an action plan.

I would like to say a few words on the scientific studies. The report by the intergovernmental panel on climate change stated clearly that there would be major impacts on the climate, but also on the reduction of the ice pack and snow cover. Scientific evidence has been collected on that subject by the United Nations international group of experts.

In conclusion, let us hope that next week the legal documents will be consistent with the historic Bonn agreement. We hope the Americans will come back to the negotiating table. We also hope we will not be renegotiating the Bonn agreement just to please the Americans. The future of our planet is too important. We must try to reach an agreement next week.

• (1805)

[*English*]

Mr. Pat Martin (Winnipeg Centre, NDP): Madam Speaker, I am happy to have the opportunity to enter into this important debate. On behalf of the NDP caucus I must speak against the motion although I understand that it is private member's business. The

Private Members' Business

member for Red Deer has every right to put forward issues whether or not they are in keeping with his party's policy.

We find fault with the motion on a number of levels. First, it implies there is a need to revisit the issue based on sound science, as if the science by which we arrived at our current point of view or the existing international point of view is unsound.

We challenge that. The issue has been wrestled with by some of the finest minds of the world as long ago as 1993 when the government commissioned the climate change task forces and toured the country extensively.

I took part in those task forces in five major cities in Canada. Leading scientists on the issue from all over Canada were brought together for the task forces as well as a number of international guests. I was there to make a presentation on energy retrofitting of buildings. We were very well received.

Surely the hon. member cannot say there was not adequate consultation. The motion calls for a consultation process that is transparent, et cetera, and based on sound science. We believe the science was sound. Denying the effects of climate change at this juncture knowing what we know today is tantamount to believing the earth is flat. It is almost that drastic.

As was pointed out by my hon. colleague from the Bloc, the rest of the world is engaged in the issue. To stand in the House of Commons and table such a bill, even though during private members' business members have every right to debate any issue they see fit, is to show wilful blindness and a bias toward a point of view not backed up or substantiated by any sound science other than the economics of a certain geographical region.

I understand that quite well. I do not criticize the hon. member's wish to represent the region he comes from. I have worked on oil rigs all over Alberta and I know how important the industry is to the area the hon. member comes from.

We in the NDP speak against the motion for those reasons, but also because it fails to say anything positive about what could be done in terms of reducing greenhouse gas emissions, global warming or climate change.

What the hon. member fails to mention and deal with is that there are huge economic benefits in demand side management. There is more economic opportunity for the country in demand side management of our precious energy resources than in the production of energy resources.

I will point out one example in the area of energy retrofitting of buildings. I gave lectures on this subject to the climate change task forces. We received the industrial energy innovator award that year for the idea. I will work hon. members through the concept. I hope the member for Red Deer is listening.

Private Members' Business

A unit of energy harvested from the existing system by demand side measures, whether insulation, energy retrofitting, putting in smart thermostats or whatever the technical side of it may be, is almost indistinguishable from a unit of energy generated at a generating station. It is indistinguishable except for three things.

First, it is available at approximately one-quarter of the cost. In other words, it costs about one-quarter as much to take a unit of energy out of the existing system as it does to generate a new one.

Second, it is available and online immediately. At the same instant one conserves a unit of energy one owns it and can sell it to another customer or whatever.

• (1810)

Third, harvesting units of energy precludes the need for building more generating stations and borrowing the money to build multibillion dollar generating stations.

The fourth and most poignant point, given the subject of the debate today, is that harmful greenhouse gas emissions are reduced.

If we did embrace the idea of demand side management as a way to reduce greenhouse gas emissions and save operating costs, let us look at the federal government as an example. The federal government owns 68,000 buildings in the country, many that waste energy because they were built in a period when, frankly, energy was not a real issue.

We could reduce our operating costs by as much as 40%, create a gazillion jobs, and reduce harmful greenhouse gas emissions by enormous amounts, again, as much as 40% in actual carbonate emissions, if we embrace this idea. It seems like an absolute natural.

It borders on the irresponsible in a motion dealing with greenhouse gas emissions and climate change to not at least recommend or put forward ideas that may bring Canada closer to that goal, unless one is in absolute denial, unless one completely denies that greenhouse gas emissions and climate change are problems.

As was pointed out, the rest of the world is engaged in the issue as we speak. Experts are in Marrakesh trying to move the world one step ahead from the meetings in Bonn in July 2000.

We are optimistic. We are hopeful that the world is finally reaching a consensus where it will start to reduce harmful greenhouse gas emissions and try to reverse the climate change that has been identified by world scientists as a legitimate hazard.

Today we heard today both sides of the argument, which is very healthy. I wish the member for Red Deer would give us the address of the 12 year old girl he wrote to giving one side of the opinion. Perhaps she is tuning into CPAC and will hear the contrary point of view as all of the other parties raise objections to the motion.

On the issue of science, the science is clear. Report after report has clearly identified a growing threat due to global warming. It poses a threat to life on the planet in regard to issues as varied as melting polar ice caps to flooding and increased forest fires. We know that over 2,800 economic experts, 8 of them Nobel prize laureates, signed statements in Canada and the U.S. pointing out the economic risks that will accompany climate change.

If the hon. member is worried about the economic side of the issue and if he is saying that meeting the Kyoto protocol is simply too costly, 2,800 economists would differ with him. They point out that in regard to the economic downside of not taking action, the risks associated with climate change, the cleanup of the devastation that would follow, the possibility of the whole prairie region changing from farmland to desert land with a change of a couple of more degrees on the planet, the costs far exceed any out of pocket costs in trying to meet conditions of the Kyoto protocol.

I am glad I have had this opportunity to put forward some proactive ideas instead of denying that climate change and global warming is an emergency for the planet. We believe there are proactive, creative steps that we, as a country that uses more energy per capita than any country in the world, could take to develop the technologies, reduce our own greenhouse gas emissions and then export those technologies to the rest of the world, to lead by example.

• (1815)

Mr. John Herron (Fundy—Royal, PC/DR): Madam Speaker, thank you for the opportunity to participate in this evening's debate. I would like to compliment the member for Red Deer on his timeliness in having Motion No. 381 drawn this evening given the very fact that the international community will be convening in Marrakesh, Morocco, which will represent the 7th meeting of the conference of the parties with respect to the critical issue of climate change.

With respect to the motion, I would have to speak against the language because it does raise issues related to challenging whether the science is solid. The International Panel on Climate Change commissioned by the United Nations made it very clear that there is a discernible weight of evidence that human industrial action is altering the temperature and the climate of our world.

However, there were some aspects in terms of negotiation and consultation that I may want to speak to. The Alliance has always had a very mixed reputation on environmental issues. The member for Red Deer has actually been quite helpful in regard to the proposed species at risk act so far and I must say I have enjoyed working with him over the last few weeks.

Having said that, I must say that Reform categorically challenged the science on climate change. It was the only political party in the House of Commons at that time that had that position. To date, I have not read anything public to indicate that Alliance or Reform policy has changed in that regard.

I would like to speak about another political party on this issue as well. Perhaps the hallmark of the Liberal government has been its propensity to duck issues, to let issues drift, to avoid action. Nowhere is that more evident than in issues related to the environment. This is not only my opinion. It also happens to be the opinion of David Boyd, who is a senior associate in environmental law and policy at the University of Victoria. He states:

In two terms, the Liberals have yet to pass a single significant new piece of environmental legislation...Many green promises from the Liberal Red Books remain unfulfilled.

Private Members' Business

In contrast, I am a proud member of the Progressive Conservative Party of Canada which is now deemed to have had one of the most progressive environmental records between 1984 and 1993. Domestically, the PC government's initiatives included legislation controlling the use of toxins in our environment, known as the Canadian Environmental Protection Act. We had a \$3 billion green plan targeted toward pollution prevention.

Internationally, Canada proved to be a genuine world leader then, as exhibited when Canada brought the world together in Montreal in 1987 and negotiated a protocol for the reduction of ozone depleting gases, known as the Montreal protocol.

Perhaps the greatest success of the PC government from a public policy perspective between 1984 and 1993, fiscally or environmentally, was that we were able to conclude an agreement with the United States of America that reduced sulphur dioxide emissions by over 50%, known as the acid rain agreement. As members know, that negotiation was not exactly simple. The Reagan administration initially challenged us on the science, on the causes of acid rain. Instead of mere rhetoric, the path that the Progressive Conservative Party chose was a path of leadership and a path of action. We painstakingly concluded bilateral agreements with the provinces to get them on board in terms that showed the federal government actually understood the ramifications for and needs of each provincial government.

• (1820)

We also chose to clean up our own act first. At that time European nations and Canada formed an informal alliance that was known as the 30% club whereby members committed to reduce sulphur dioxide emissions by 30%. The agreement was so successful that the Americans insisted on having observer status. The result was that by 1987 we had the Americans on board on acid rain and we had a protocol in place that reduced SO₂ emissions by over 50%.

To state the obvious, the Liberal government was ill prepared from the get-go in handling the Kyoto and climate change debate.

Most would agree that the current debate surrounding Kyoto and climate change is in fact more complex than the acid rain agreement. Nonetheless the parallels are stark. Right from the get-go the federal government blew any kind of consensus that it could have had with the provinces. On November 12, 1997, the provinces came together mere days before we went to Kyoto. I was in Kyoto when the agreement was signed and we entered into the beginning of that arrangement. However, in regard to the target that the federal government and provinces agreed to on November 12, the federal government said the next day that it might be our target.

The Progressive Conservative Party and I have maintained all along that getting into the debate of targets and timelines is not necessarily as helpful as what we should be doing, and that is taking action. We have lost four years. The Government of Canada has done nothing to speak of. Anyone watching CPAC at home now cannot quote a tangible example of what the government has done with respect to addressing climate change in any meaningful way. We have always maintained that the Government of Canada should adopt what we refer to as a no regrets strategy, things we should be doing anyway.

I have some suggestions for the government and will make them to the parliamentary secretary, who is listening intently to this debate. She should take them to the finance minister as well as we move into the debate on the budget. For example, there should be massive and aggressive tax incentives for renewable sources of energy and for investments in energy efficiency initiatives, not the paltry little tidbits that we were giving before. These would actually spur a particular industry. We could also foster the use of ethanol, not just from corn but also from agricultural plant waste, anything from corn husks to wood chips.

I hope the parliamentary secretary is pulling out her pen and paper at this very moment and writing a note to the Minister of Natural Resources and the Minister of the Environment to tell them to do that very task.

The Federation of Canadian Municipalities is indeed willing to engage and do its share but it is seeking leadership from the level of government at which it is required and that is the federal government.

The Government of Canada knew all along that the principal component of any climate change strategy would be to establish a tradable permit system. Again I will draw this to the attention of the parliamentary secretary, the member from Kitchener. Even if the Americans do not engage in the Kyoto process we should take the following step: We should engage the Americans in a tradable permit system within North America that would allow companies to buy and sell emissions beyond pre-set levels as a means of flexibility. This system is successful and it was how we were able to reduce sulphur dioxide emissions. It would also work for carbon dioxide. It is not a matter of us not knowing the rules and the arrangements and how it would work. We can begin the process instead of waiting for four years. That is the kind of initiative we should be bringing forth.

However, the federal government needs to provide leadership. The right hon. member for Calgary Centre has said that we need to convene a first ministers conference on this issue, after conducting some bilateral negotiations in the same way we did on acid rain. We need a no regrets strategy. We have wasted four years and we must ensure that we hit the ground running. I hope the Government of Canada adopts the positions that I have brought forth in the last 10 minutes.

• (1825)

Mr. Bob Mills (Red Deer, Canadian Alliance): Madam Speaker, it has been interesting to listen to the various comments. I want to make it very clear that I believe climate change is occurring and I believe the earth is round. I think the demand side is important. I have talked about the technology being important and about science being important. As I said, an hour and a half ago I visited an ethanol plant here in Ottawa. I saw that technology and what its future might be.

Private Members' Business

As well, I talked to some people in the transportation industry from Ballard Power this afternoon. Interestingly enough, while the first bus ran in Vancouver on a power cell, the second set ran in Chicago under Canadian control. The third set is in Los Angeles under U.S. control. They are now taking advantage of it and taking credit for it. That is the kind of thing that worries me.

Also the whole area of sinks is poorly understood and a lot of people would question the science. With respect to emissions trading, I do not think that is helping the air; it is just changing where we put the pollution. This is a most important issue.

The Kyoto protocol is terribly flawed and must be rejected. We must start over again, not stop, not deny that it is occurring, but do something better.

I have been an environmentalist for most of my life. I have worked as a conservation biologist and I have worked to educate people about energy efficiency and resource conservation.

Some might say that Kyoto is a good first step. I find that because Kyoto is the way it is, it is not a good first step. Good first steps in environmental policy are defined by getting the best bang for the buck. Kyoto does not come close to achieving this. It is not cost effective and the hard earned dollars of Canadians are being wasted.

It is an agreement that will achieve almost nothing for the environment while severely hurting Canada's economy. It also hurts Canada's ability to continue to be a healthy and secure place and the best place in the world to live.

If Kyoto is accepted, billions of dollars will be taken from health and environmental programs. Billions of dollars taken from the Canadian economy will lead to massive underemployment and even unemployment.

What will it achieve? By 2100 it will have achieved less than a .2 degree Celsius change in projected temperature increases, a

redistribution of pollution to other parts of the world, increasing pollution from developing nations and little planning to effectively aid these nations to reduce their own growing air pollution. We must let them leapfrog from the 1950s into the 21st century.

As well, it does not build confidence in technology. I have just mentioned the example of Ballard. That is in California now. Canada has lost those buses.

We are presently in a vulnerable position. We are engaged in a war. We are tightening our borders. We are spending new money on security. We are in an economic slowdown. We agree that climate change is occurring, but are we truly willing to commit to an international agreement that achieves almost nothing environmentally and no doubt will lead us into a considerable economic recession if not a true depression?

We must move on now with meaningful words. We must come up with a new protocol that involves all countries, that is realistic, is based on solid science and has realistic goals that all countries can achieve.

[*Translation*]

The Acting Speaker (Ms. Bakopanos): The time provided for the consideration of private members' business has now expired.

[*English*]

As the motion has not been designated as a votable item, the order is dropped from the order paper.

[*Translation*]

It being 6.30 p.m., this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.30 p.m.)

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