

### BORROWING AUTHORITY ACT, 1995-96

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.)** moved for leave to introduce Bill C-73, an act to provide borrowing authority for the fiscal year beginning on April 1, 1995.

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

• (1745)

[Translation]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the only thing the finance minister is decentralizing to the provinces in this budget is the deficit, and nothing else.

**Some hon. members:** Hear, hear.

**Mr. Loubier:** He is decentralizing the deficit while making cuts, as we have been seeing since last year, at the expense of the most destitute, that is to social programs, unemployment insurance and everywhere except where cuts should be made.

After the finance minister's usual generalized downloading since bringing down his budget in February 1994, we are now to witness a major downloading of the deficit and of his responsibilities onto the provinces.

The cuts in federal transfer payments to the provinces, specifically transfers for postsecondary education, health and the Canada assistance plan will not be made right away this year. That would be far too much courage to expect from this government during this referendum year. But they will be made, the axe will fall in 1996-97, eliminating \$2.5 billion in federal transfers for postsecondary education, health and the Canada assistance plan.

Not satisfied with axing social programs and transfers to the provinces, in 1997-98 the federal government will cut a further \$4.5 billion from transfers to the provinces, all of this under the guise of alleged decentralization, a masquerade of decentralization which is really just the finance minister downloading his responsibilities.

These cuts of \$4.5 billion to social programs in 1997-98 will of course have to be negotiated after the referendum. That shows how much the government cares about clarity, honesty and being compassionate about education, health and poverty. Not only does this government show a lack of courage by downloading its problems onto the provinces, it has been so hateful as to do it on the backs of the most destitute.

As for the unemployment insurance fund, already drastically cut by \$300 million last year, the minister is proposing \$2.4 billion in cuts this year and another \$2.4 billion next year while at the same time considering a 10 per cent cut in contributions to the UI fund. The finance minister is hateful and arrogant enough

### The Budget

to present these deficit objectives, these deficit results for 1994-95, saying that he has reduced his objective from \$41 billion to \$39 billion. But he has pulled this off by taking the \$2 billion surplus from the unemployment insurance plan and deducting it from his forecasts. That explains his outstanding accomplishment; he did not in any sense reduce the deficit for this year, he simply took the surplus from the unemployment insurance program to make himself look good as a public sector manager.

This is unacceptable. While \$7.5 billion were already to have been cut from social programs and unemployment insurance over the next two or three years, the finance minister presents in this budget a 60 per cent cut in business subsidies over the next three years. Sixty per cent over three years, although the Bloc Québécois and even the Conseil du patronat du Québec had suggested eliminating these business subsidies over the coming years, subsidies which most often give rise to patronage, inefficiency and unfair competition. Not only does the finance minister tell us that the \$3.8 billion in subsidies will be reduced by only 60 per cent over three years—there will still be \$1.5 billion in business subsidies in 1997—he is cutting more than \$300 million from CMHC for social housing. That is this government's concept of social justice.

• (1750)

Where is the reform of the tax system? Where is this so long-awaited reform? Where? The minister has been heralding it with great pomp since he assumed the position. He did not deliver. He never had any intention of reforming the tax system.

What did he do about the taxation of businesses? What did he do to prevent a recurrence of the recent fact that over 70,000 profitable Canadian businesses did not pay a cent of tax to Ottawa? With what has he plugged this tax loophole? Nothing. He took no steps to collect this money that profitable businesses owe to federal coffers. He has slightly raised corporate taxes, about 1.5 per cent over three years.

What did he do about those tax agreements signed with countries considered to be tax havens? Nothing. The Auditor General said himself that hundreds of millions of dollars are being transferred through bogus Canadian subsidiaries to foreign tax havens. What did he do about this? Once again, nothing.

What did the Minister of Finance do in this budget to cut the tax breaks offered to extremely rich Canadian families through family trusts? By the way, I do thank the minister for getting rid of these tax breaks, but he should have cut them immediately, not in 1999, as is provided for in the budget. Doing it in 1999, what a sham.

By then, extremely rich Canadian families will have had the time to dismantle their family trusts and to transfer their hundreds of millions of dollars to other tax shelters to avoid paying tax on capital gains year after year. And they dare say