government spending, while 22 per cent goes to payments to persons and 16 per cent to payments to other levels of government.

The last two payments combined represent 38 per cent of total spending, barely exceeding public debt charges as a percentage of the total budget. I think it is clear we have a problem when the cost of servicing the debt is only 8 per cent less than what the federal government transfers to Canadians and to the provinces in the form of transfer payments.

Considering the decline in program spending over the next few years and the expected increase in public debt charges, we will soon reach the point where debt charges alone will exceed total transfers to persons and the provinces. In other words, a larger share of our tax dollars will go to investors and people who buy government bonds than to the citizens of this country. Is that the kind of flexible federalism the Minister of Finance wants?

It is clear that the minister's budget has done nothing to stem the growth of the debt. The deficit for the year ending on March 31 would have been $41 billion, not $39.7 billion as forecast in the last budget, if the government had not used the surplus in the Unemployment Insurance Fund to absorb part of the deficit. Normally, the surplus should have been applied to job creation and dealing with the structural unemployment.

● (1550)

The government is still putting off the real decisions until later. The cost of the public debt will increase from the $42 billion it will be at the end of this year to nearly $51 billion in two years' time.

We have to conclude that Liberal carelessness has brought this prosperous country to the brink of bankruptcy. Under the most optimistic scenario, the deficit will not be eliminated before the turn of the century. At that point, the cost of servicing the public debt will be over $60 billion. What waste and what wealth lost. Imagine what we could do with another $60 billion in the government coffers annually.

The government is adding insult to injury. It continues to invade provincial jurisdictions, but without paying any more for the programs for which it imposes national standards on the provinces. Quebec will have the unpleasant job of taxing its citizens in order to comply with the federal standards pertaining to the block funding planned by the present government.

In the end, Quebec will pay, but Ottawa will set the rules. The funding will be decentralized, but decision making power will remain in Ottawa. The federal government is not transferring any tax points in exchange for the reduction in transfer payments to the provinces. The government is doctoring the truth and putting the real decisions off until after the Quebec referendum. The federal contribution to social assistance, health care and education will drop by $7 billion in the next two years. This is a huge amount in terms of health care and education, but, unfortunately, too little to put an end to the deficit.

Overlap with the provinces will not disappear. Program review and efforts at streamlining have focused particularly on departments and agencies that are strictly under federal jurisdiction, where there was no overlap or duplication with the provinces. These departments include the Department of Foreign Affairs and International Trade, National Defence and the Department of Transport.

The federal government is not getting out of areas under provincial jurisdiction, where little streamlining efforts have been focused. While it is chipping away the unemployment insurance program little by little, the government is imposing a temporary tax on bank capital, which will bring in $100 million over the next two years.

During this same period, the unemployed will be contributing $3 billion to deficit reduction, that is, 30 times what is being asked of the banks. This temporary tax represents only a little more than 1 per cent of the banks' annual profits, while the middle class remains overtaxed. Two sets of rules: a temporary tax on bank capital and a permanent tax of up to 50 per cent on the income of middle class families.

There is also the excise tax. The federal excise tax on gasoline is increased immediately by 1.5 cents a litre to help reduce the deficit. Why, then, wait until 1999 to reinstate the 21–year rule for family trusts? Doubtless, to enable these families to find another tax shelter. Always a double standard: one for the monied, another for the workers, the unemployed and the middle class.

The impact of the budget on Montérégie and the riding of La Prairie, which I have the honour to represent in this House, is also devastating. While the Auditor General was saying that we could save close to $1 billion if national defence were better managed, the government decides to close the base at Saint–Hubert, even though Quebec only has 15 per cent of the country's military facilities.

After losing the Royal Military College in Saint–Jean, Quebec and the Montérégie region are losing the base at Saint–Hubert.

Almost 40 per cent of the inhabitants of the town of Brossard, which makes up 55 per cent of the federal riding of La Prairie, are of an origin other than Canadian. Several are recent immigrants, others are political refugees. The budget would impose a fee of $975 per adult immigration request on future immigrants. We should bear in mind that this amount is more than the average annual income in several countries. Is the government opening the door to rich immigrants only? We should ask ourselves this question. Why impose an entrance toll on people who want to come here to improve their economic situation? There is something despicable about reducing the deficit on the backs of people who have yet to set foot on Canadian soil and