

cent over two years after coming from a year, last year, with a decrease of 5.6 per cent.

In my experience every time I have had trouble in my business, and most bankers would say most businesses have a problem, it is with forecasting revenues too high and expenditures too low. The expenditures are forecasted to rise just .3 per cent over this same period.

My question for the minister is this. In a period of deflation, which we are in right now—at least in my opinion we are in a time of deflation—do we have any backups to prevent a further erosion of our fiscal position if the revenues that are projected and we hope arrive do not arrive?

• (1735)

Mr. Collenette: Madam Speaker, I am not sure I am qualified to answer this question. I have been somewhat preoccupied with a department that is looking at a dearth of revenues. The Minister of Finance should really deal with it.

He is pretty confident that the projections he has given will be realistic and will be met and that the doomsday scenario that is implied in the question of my hon. friend will not materialize.

I would also like to say that his comments were most appreciated and in the best tradition of parliamentary debate in understanding the difficulties that we have had with the defence cuts.

[Translation]

Mr. Claude Bachand (Saint-Jean): Madam Speaker, I listened very carefully to the minister's comments, and it seems to me there are some figures or details he either failed to mention or mentioned so quickly that I did not hear what he said.

Before putting my question, I just wish he would agree that as far as bases, colleges and infrastructures are concerned, Quebec has always been short-changed. There is no comparison between what happens in Quebec and what happens in the rest of Canada.

For many years, the policy at National Defence was to compensate for this imbalance with substantial military contracts that made up for the lack of military infrastructure in Quebec.

The international situation has changed, however. So much so that the Bloc Québécois does not protest when a contract is cancelled, as in the case of the helicopters, because although this contract would have gone mostly to Montreal, we preferred to see the money invested elsewhere. We never objected to the cancellation as such.

There is also the new procedure for distributing these contracts across Canada. In any case, will the minister confirm

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today that Quebec has only 13.8 per cent of all the infrastructures? That Quebec has only 15.8 per cent of defence spending in Canada although it has 25 per cent of the population?

I did not hear him mention those figures. But when he closes bases or colleges in Quebec or cuts as little as 5 cents or a dollar, he adds to the imbalance in this respect.

The figures I mentioned, 13.8 per cent of military infrastructures and 15.8 per cent of defence spending, while we have 25 per cent of the population, if the minister can confirm those figures, would he agree that he is adding to the imbalance by making budget cuts that affect Quebec?

Mr. Collenette: Madam Speaker, I am not sure whether I have enough time to give the hon. member a detailed reply, but he is right that the percentage of the defence budget spent in the province of Quebec is lower, simply because there was a lot of construction in the maritime provinces during World War II.

I must point out, however, that as a result of major cuts in the rest of the country, after this budget the percentage of military spending in Quebec will have increased. It was 19 per cent yesterday, and today it is 22 per cent, even after closing the Collège militaire royal and part of the base in Saint-Jean.

I appreciate his reasoning that Quebec is not getting its fair share, but that is a result of its geographic location in this country. If we had cut 25 per cent we would have had close the Valcartier base in Quebec City or perhaps Bagotville. If we had followed the recommendations of the Bloc Québécois with budget cuts of 25 per cent, there would have been more drastic cuts.

• (1740)

This is not a good time for Quebec, but it is not a good time either for other provinces, especially in the Atlantic region. I think Quebecers will appreciate they have done their share to fight the deficit by taking these cuts in the defence budget.

[English]

Mr. Jay Hill (Prince George—Peace River): Madam Speaker, I thank the minister for his comments. I enjoyed listening to his statement.

I noticed he used terms like maintaining the sharp end of defence and that our military in the future would be a lean, effective military. I notice when I review the red ink book that there seems to be no mention, although they took the hard decision following the election to eliminate the contract for the EH-101 helicopters, of the cancellation costs for those contracts. There seems to be no mention in the red ink book about replacement costs. It is obvious if we are going to have a lean but effective military that those helicopters will have to be replaced. Yet there seems to be no costs for those things built into this budget statement.