

The Budget

In this budget, government is brought down to a size we can afford. Cuts were not made blindly, contrary to what the opposition says. The measures announced by the Minister of Finance flow from the comprehensive review of departmental programs and activities we had announced in the 1994 budget and they will continue to pay dividends in the years to come.

Expenditures will be cut by half in some departments. After these measures have been implemented, the public service, including DND, will be reduced by 45,000 positions, or 14 per cent.

[English]

The budget reduces the deficit in a way that is consistent with the strong Liberal commitment to social programs. We remain absolutely committed to a fair and sustainable system of protection for seniors who have given so much to the country.

The budget states the basic principles of the so-called hidden agenda the hon. member for Sherbrooke alluded to before. There will be the following: undiminished protection for all seniors who are less well off, including those receiving the guaranteed income supplement; continuation of full indexation to protect seniors from the effects of inflation; provision of old age security benefits on the basis of family income, as is currently the case with the guaranteed income supplement; greater progressivity of the benefits by income level; and, more important, control of program costs.

[Translation]

The role of the state is to do only what it does best. Therefore, some activities should be transferred to other public administrations or entrusted to the private sector. If the federal government does not have to do something, it should not do it. And in the future, this government will not do it.

True, this budget is tough, but it is fair. The Minister of Finance strove to distribute budget cuts fairly among all regions.

We will not reduce the deficit without also reducing provincial transfers. Nonetheless, the cuts we are asking the provinces to absorb are not as deep as the cuts we are facing ourselves, that is, 3 cents for every dollar of provincial revenue.

This budget constitutes additional proof that federalism is dynamic, flexible and not stuck in the status quo. The federal-provincial transfer payments will be replaced with a new consolidated subsidy called the Canada Social Transfer, which will alleviate the constraints that the government may impose in areas of exclusive provincial jurisdiction.

By giving the provinces two years' notice before introducing the Canada Social Transfer, we honoured a red book commitment to "achieve the maximum degree of predictability and

stability for each level of government". It is the Quebec government that is deferring all important decisions because of the referendum.

The Leader of the Opposition alleges that this budget is unfair to Quebec. No region suffered more cuts than any other. Under the Canada Social Transfer, transfers to Quebec in 1996-97 will decline by only \$350 million. That is a 3 per cent cut compared with 1994-95.

• (1255)

Over that same period, we will reduce federal spending by 7.3 per cent, which is almost double the cuts affecting transfer payments to the provinces. It goes without saying that those who support separation cannot react positively to a budget which demonstrates that Canadian federalism works.

Bloc members oppose the reduction of the subsidy to industrial milk producers. Yet, the Leader of the Opposition himself said that, in an independent Quebec, he would willingly abolish that subsidy. Financial markets did not endorse the claims made by the Quebec Minister of Finance to the effect that the federal budget generates uncertainty. Indeed, all are unanimous in saying that the budget measures will help fiscal consolidation.

Even the editorialists from Quebec recognize that this budget paves the way to a federalism respectful of the provincial fields of jurisdiction. The budget was designed with the best interests of Canada and Canadians in mind, not those of Wall Street. Still, we managed to reassure the financial markets. It is now up to the Quebec government to put an end to the uncertainty by holding its referendum as soon as possible.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I think the hon. member for Vaudreuil is to be commended for the stand he took in his speech on this budget. He is to be commended, but I am somewhat critical of his choice of words. I think he should check the definitions in the dictionary, and I am referring to the fact that he called this a "courageous budget".

I would like to remind the hon. member for Vaudreuil that during the last election campaign, the Deputy Prime Minister made the following promise: "Give me a year, and we will get rid of the GST or at least make some changes to improve it. Give me a year, and if we do not, I will resign". Fifteen or sixteen months later, nothing has changed. The only suggestion the finance committee made was to hide it, to camouflage it and make it a little less blatant.

The hon. member's leader, the Prime Minister, the leader of his own party, the Liberal Party of Canada, said: "Give me a day, and I will make some thorough changes in the pension plan for members of Parliament". Fifteen or sixteen months later, nothing has been done yet. And what is on the table is a mere shadow of pension reform.