

The Budget

• (1600)

Year after year governments have spent more than they have taken in. We have borrowed to the point where our ability to repay is in doubt. We are now at the mercy of lenders that monitor our every move. It can be said that public policy is now judged by its impact on Canadians and on our creditors, who are more concerned with our ability to repay than our aspirations as a people. In a true sense, because of the rising debt and persistent deficit we are losing control of the public policy agenda.

The budget is unprecedented in scope and comprehensiveness. It builds on last year's initiatives and sets the stage for regaining control of public finances and the public policy agenda, signalling the eventual return to our traditional focus of building a fair and just society.

The budget significantly reduces the deficit. In three years the government will have saved \$29 billion. We will have reached the target of 3 per cent of GDP by 1996-97 and if private sector forecasts are correct, we will even surpass it. As the Minister of Finance has repeatedly stated, we must meet the deficit reduction target or risk remaining vulnerable to the speculation of the international financial markets.

The budget does more than set out a deficit reduction plan. It also defines a new approach to government, a new approach more in tune with the needs and challenges of the nineties.

When the government accepted the challenge of deficit reduction it rejected the slash and burn approach or the notion of across the board cuts. Across the board cuts of 20 to 30 per cent are not the key to deficit reduction for the simple reason that a 30 per cent cut in a bad program still leaves 70 per cent waste, whereas a 30 per cent cut in a good program just does not make sense.

A slash and burn approach to deficit reduction may achieve results, but more often than not at the expense of those most vulnerable. That is not our way. We believe in fiscal responsibility. We also believe in fairness. The government knows that in addition to deficit reduction, the machinery of government has to be renewed to better serve Canadians in a new economy.

The budget makes the federal government smaller while it lays the foundation for a government that is smarter, more efficient, more responsive and more focused on renewed priorities. That is the essence of a program review. Under program review the departments started with a simple question: In the nineties, what should a federal government do for the people? Those things a federal government should do are being analysed to determine the best way to deliver them.

The things a federal government should not do were either discarded as something that no government at any level should do or were determined to be best achieved by a level of government closer to the people. The end results are smaller

departments, \$16.9 billion in cuts from program review alone, but smarter departments with renewed mandates, a tighter focus and new priorities that will better serve the taxpayers and better support an innovative economy.

The process of reinventing the role and the machinery of government clearly demonstrates that Canadian federalism is flexible and continues to evolve to meet the changing needs of Canadians and of the new economy. We all know that well-publicized constitutional conferences at which little is produced but disagreement and divisiveness are not a viable source of change.

Change in our federation occurs incrementally, through discussion, through dialogue and through negotiation on practical issues of concern to everyday Canadians. It is at this level that Canadian federalism is flexible and responsive to the needs of all their citizens.

[*Translation*]

As a francophone from northern Ontario, I have witnessed this change. It is because of Canadian federalism, flexible federalism, that I am able to stand in this House today and speak in my mother tongue to talk of my heritage, which I have kept and enriched, and of my pride in being a French Canadian.

• (1605)

The road has not always been easy, and there have been struggles on a number of occasions. However, without Canada, without federalism, the battle would have been lost from the start.

[*English*]

A critical component of program review has always been that the level of government best positioned to deliver a service should do so. Such a bold statement clearly demonstrates that the federal government wishes to actively promote the evolution of federalism because it is in the best interest of Canadians. Federalism in Canada is not about the status quo.

That federal wish is inherent in the new transfer system to the provinces. The block funding system discards the cost sharing roles to give the provinces more flexibility in delivering programs funded in part by the federal government. This measure acknowledges the need to tailor social programs to meet the specific needs of Canadians living in different parts of the country. The 4.4 per cent reduction in transfers to the provinces is a necessary measure to help the federal government meet its deficit reduction target.

However, it must be emphasized that in 1996-97 the federal government will be transferring to the provinces \$35.3 billion. I know that the majority of Canadians will agree that transfers in the order of \$35.3 billion per year confirms the government commitment to equalization payments and the support of provincially run social programs. In addition, the government is always prepared to meet with the provinces to establish prin-