

The Budget

frankness which characterize relations among Cariboo—Chilcotin people still continue and may it always be so.

It gives me much satisfaction to reflect upon these people. Many people came to Cariboo—Chilcotin with nothing but the determination to get a job and get ahead. They are people who have prospered by their ingenuity, determination, shrewdness and hard work. Their independence and pride would not allow them to ask for special favours or special consideration.

What these pioneers really wanted was the opportunity to prove their ability to make a life for themselves and their families. Many people came with nothing and discovered the life they sought.

This is the Cariboo, this is the Chilcotin, this is my home.

However high taxes and intrusions of big government are not making it easy for people looking for lifestyles based on independence and self-reliance. Mind you high taxes are giving a new meaning to these words. People blessed with ingenuity find ways around the obstacles that politicians and bureaucrats devise. If this is so in the sultry cities, consider how ingenuity thrives in the fresh air of the Cariboo.

For example, a couple of weeks ago I was talking to a man who invests other people's money for them. From one small community in the constituency, population 10,000, he received in the month of January alone over \$1 million of new money to convert to other currencies and invest in foreign countries. He went on to tell me that the rate of these receipts increased during the month of February. That is one investor in one small community.

People have some ingenuity. If the government is determined to wreck the economy of our country, people who understand what is happening will use their ingenuity to do what is necessary to protect themselves.

In 1993 Canadians bought a record \$12.8 billion worth of foreign stocks and bonds. A growing number of Canadians are moving their assets out of Canada. Last year Canadians bought more foreign stock mutual funds than Canadian equity funds.

This export of money from Canada is a major problem. It is a problem caused by fear, fear that our economy will go the same way the economy of New Zealand went. We are seeing the early signs in Canada, signs that were present 10 years ago in New Zealand. We can soon suffer the same consequences. Ten years ago New Zealand's foreign debt was the equivalent of 44 per cent of the GDP and its annual deficit was the equivalent of 9 per cent of the GDP. Suddenly, very suddenly, the foreign markets refused to buy New Zealand bonds.

This shortage of revenue forced the devaluation of its currency by as much as 20 per cent as well as deep cuts in pensions, welfare and medicare. Accounts of wages being cut in half and a

person's net worth being reduced by 80 per cent were commonplace.

People taking their money out of Canada are afraid that soon the same thing could happen here. Government mismanagement of our debt is the leading cause of the present high conversion of our currency. Canadians fear equivalent losses as experienced in Sweden and New Zealand when deficits hit crisis levels. Outflow of Canadian money is preventing the economic expansion we require for our nation to prosper.

We must take real steps to control the deficit, to assure the business community that Canada is a sound place to invest money.

People from Cariboo—Chilcotin, like Canadians from every part of the country, are using great ingenuity and creativity in the development of the underground economy. The sad part of this growing phenomenon is that so many people feel that nothing immoral is being done even though it is illegal. Some even consider this means of tax avoidance a positive political statement as well as a means of economic survival. The impact of the underground economy renders any economic growth meaningless to federal revenues.

During the 1980s a 1 per cent growth in GDP would result in a 1.2 per cent increase in tax revenues. Now that same increase yields only .4 per cent growth. This budget is another example of a government depending on optimism to solve its economic woes.

We have seen in the past the folly of a government depending on economic growth to increase revenues. This budget demonstrates that the government has not learned from past mistakes. With a half a trillion dollars debt Canada can no longer rely on optimism.

The underground economy is now estimated by Ernst & Young to be 15 per cent of the GDP or \$100 billion annually. If this revenue could be taxed it would yield \$40 billion in tax revenue, roughly the amount needed to eliminate our deficit.

Michael Manford, chief economist of Scotia McLeod Inc., estimates these numbers are even higher with an annual underground economy growth rate of 10 per cent to 12 per cent.

Canadians have expressed disappointment in the limited cuts made in this budget. The red book was part of a campaign based on a much lower deficit of only \$35 billion. Canadians are demanding a balanced budget and the only means left to do this is by cutting government spending, not by increasing spending or by introducing new programs. The Government of Canada must show better judgment in the way tax dollars are spent.

Cariboo—Chilcotin is populated mainly by people who left or whose ancestors left other places to seek opportunities, be independent and prosper. Like those immigrating to Canada today many of us have ancestors who came seeking relief from