has been reduced to 12.7 per cent per year. The recent surge in interest rates shows how vulnerable we are. In just one year, the projected cost of making interest payments on the debt has risen by $6 billion.

A young baby not even a year old now has a debt over his or her head of over $12,000. This legacy of debt to our young cannot continue. This Government has made it clear that we will not make our children and grandchildren pay for the debts of their parents.

The Minister of Finance (Mr. Wilson) has reviewed the Government's expenditures and has made difficult choices. No one likes to see programs cut or delayed but any prudent manager knows that programs must be reviewed periodically and judged on their current effectiveness and efficiency.

This is what our Minister of Finance has done in this Budget. He has looked at the pie and saw where money was spent and where he could save. In fiscal year 1988-89, Government expenditures amounted to $133 billion, of which $33 billion was spent to pay the interest on our debt. Thirty billion dollars was spent in transfers to Canadians, government cheques in the form of old age security, guaranteed income supplement, spouses' allowance, unemployment insurance benefits, family allowance cheques, and veterans' pensions and allowances. Twenty-four billion dollars in cash and tax points were transferred to the provinces, territories and municipalities to help pay for health care, education, social assistance and other programs.

In 1989-90, $34 billion will be transferred. This means the federal Government will transfer to the provinces, $1,293 for every man, woman and child in Canada. Not many Canadians realize the extent of federal support in these areas. The Budget papers show that $11.2 billion was spent on major subsidies and transfers. These include farm support programs, regional development programs, research and development activities, assistance to native communities, railway subsidies, student loans and payments to foster job skills.

Defence spending accounted for $11.1 billion, official development assistance accounted for $2.8 billion and operations of Government, $16.2 billion. Major payments to Crown corporations accounted for $4.4 billion.

Between 1984 and 1989, program spending has increased $13.2 billion. However, among the seven major components of program spending, operations of Government and major payments to Crown corporations have recorded absolute declines.

This is significant, because now the Government spends less on its programs than it receives in revenues. So progress is being made but more has to be done. That is why the Minister of Finance carefully analyzed the Government's revenues and its expenditures and he selected areas where cuts could be made without hurting the average Canadian. That is why all Canadians have been asked to contribute a bit more but low income Canadians are being shielded. The Government's expenditure reductions will amount to $1.5 billion in 1989-90, $2.1 billion in 1990-91, and rise to about $2.5 billion per year thereafter.

To meet these expenditure reductions, the Government proposes to slow the growth in some programs, defer some programs, cancel some previously announced plans and terminate programs that no longer serve public policy. As well, privatization of Crown corporations will be examined closely to see where the Government's interests can be reduced.

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Defence spending has grown about six per cent each year in the last four years. This growth has been during a period when total government spending was increased at about 3.3 per cent annually.

The Budget of the Minister of Finance proposes that defence spending continue to grow but at a slower rate. In addition, the Government will not proceed with the acquisition of nuclear submarines.

Similarly, the ratio between the Gross Domestic Product and official development assistance will be reduced. Despite this reduction, Canada will still be contributing over $2 billion to developing countries this year.

The Government has already put in place new tax measures to support families with small children. Child care expense deductions of $4,000 per child under six years of age and for children with special care needs remain in place. The child care special initiatives fund of $100 million that promotes research and development into ways of improving child care services will also remain in place.

The Budget does defer, however, the expenditure of $4 million to create with the provinces additional quality child care spaces. This expenditure could be made at a