

The Budget

The minister referred in his presentation to serving up illusions. The inference is that this is no longer happening to us with the present government. We have had 25 years of illusions, 25 years of rhetoric, 25 years of telling us we are going to get tough with the deficit, we are going to really move in on it this year, next year or the year after that.

What the minister forgets is that it was much easier for previous finance ministers to sell illusions than it is for the incumbent. Previous finance ministers could actually make illusory cuts and sell them, but the present minister, in order to sell an illusion, has to make real cuts. The problem is that it remains an illusion because the cuts are not deep enough.

All that is happening is that the government is making enough cuts in the projected spending for the next three years to keep even with the additional interest that it is going to have to pay on the money it already owes. The government is standing still.

It makes me think of a sailor who has been shipwrecked and is treading water madly. He sees a lifeboat about 100 yards away. Instead of trying to make it to that lifeboat he says: "That's too tough, that's too hard. I'm just going to keep right on treading water". He does and eventually he drowns. This government is treading water and Canada is drowning in debt.

• (1845)

I ask the minister, what contingency plan does this government have for the time when the interest payments on our deadweight debt become so great that there is no money left to maintain social programs or even basic government services? This is the direction in which we are heading.

We are heading in a direction where there will be no social safety net. There will be no pensions. There will be no welfare. There will be no UIC. There will be nothing if the whole rotten house of cards comes tumbling down. What contingency plan does this government have?

Mr. Gagliano: Madam Speaker, first I want to thank the hon. member for giving me the opportunity to express my thoughts on this matter.

I understand the member. I have the same frustration. I have been in this House for 10 years. Every year we would see the Minister of Finance get up and promise to reduce the deficit, but he never did. Last year, for the first time in 10 or 11 years, a Minister of Finance stood in this House and predicted a deficit.

The government fiscal year end is March 31 and we are now at February 28. We are one month away from the end of the fiscal year and we are predicting, after accounting for everything, that the deficit will be reduced by more than what we predicted, \$4 billion more. That was the commitment we made to Canadians in the last election. It was the commitment we made to Cana-

dians when the Prime Minister took office. We said that what we say is what is going to happen because we made that commitment and we want to make sure that Canadians know.

That is why this morning financial markets and all the economic and financial analysts were very satisfied with the budget. They finally realize that we are going to have a deficit of \$24 billion next year, which is our commitment in the red book we campaigned on, of 3 per cent of the GDP. It is important to our financial markets, our financial and economic system that we make the assurance that when we predict something, when we estimate and make assumptions that we know what we are assuming and we reach those targets.

That is the first thing the Minister of Finance did in his first budget. He has continued to do it in the second budget. He has kept our commitment of 3 per cent and also has reached beyond that.

There will be a day when we will have no deficit and we can start tackling the national debt. There will be that day with this government and with this Minister of Finance.

Also, the member should not forget that besides having a financial deficit there is a human deficit. The government is not a business that can just close the door and say: "Well, too bad". This is a government. We are running a country. Besides the financial deficit there are human beings who have to be considered.

That is what the Minister of Finance and this government are doing. We are making sure we keep our commitment to reduce the deficit so that we will be able to tackle the debt and have economic prosperity in order to assist those in need. We will be able to create jobs for the youth of this country so they will have a future.

The way the Reform Party sees things, everything is black and tomorrow is the end of the world.

Mr. Jim Abbott (Kootenay East, Ref.): Madam Speaker, to the secretary of state, I notice in the document provided by the government yesterday called the "Budget in Brief" there is a quote on page 14: "This government is absolutely committed to providing a fair and sustainable system of protection for Canada's seniors".

I wonder if he can help us understand something here. The government has just made, I grant, real cuts of \$10 billion. The payment on interest in the time that this government has been in place has increased \$10 billion which means that we are treading water. Interest charges are increasing at a rate of 17.3 per cent. The governments have let our Canada pension plan get into a position of being underfunded \$487.5 billion on top of the \$545 billion that we are in debt at the national level; in other words, over a trillion dollars.