

centage point our carrying costs jump by \$1.7 billion, and that is just in the first year. By the third year it is a \$3 billion penalty.

It is this punishing dynamic of compound interest that makes tough budget action the right action. The fact is that we have always recognized the need for continued fiscal action. The 1995 budget process started the minute we introduced the 1994 plan. That is why we combined immediate action with a sweeping series of program reviews on government operations, defence and social security reform. These have set concrete foundations for this year's budget and the tough decisions needed.

In this regard let me remind both opposition parties, given their calls for eliminating government waste and inefficiency, of the six questions that have framed our program review of government operations.

- (1) Do the program areas continue to serve the public interest?
- (2) Is there a legitimate and necessary role for the government in this area?
- (3) Is the current role of the federal government appropriate, or can the program be realigned with the provinces?
- (4) What programs should or could be transferred to the private or voluntary sector?
- (5) If the program continues, how can its efficiency be improved?
- (6) Is the resulting package of programs affordable?

Before concluding my remarks I should also reiterate a point made yesterday on the issue of tax increases. Only a foolhardy politician would ignore the real "tax fatigue" felt by Canadians. It is felt on this side as well. That is why cuts in government spending must and will be our priority in reducing the deficit. We proved that last year when we cut spending by \$5 for every \$1 in revenue measures.

[Translation]

However, most Canadians know that in order to cut taxes in the future and, in the short term, to ease the pressure on interest rates and the dollar, we must bring the debt under control. And this will only be possible after we achieve our deficit reduction goals.

Given the magnitude of this challenge, I understand why the Minister of Finance will not promise a budget without measures to increase revenue. But, if such measures are included, I am confident that they will be aimed at improving the tax system and closing loopholes. To those who are opposed to tax measures, I ask this: Do you really feel that the existing system is totally effective, that there are no loopholes or unjustified advantages? Given our financial situation, Canadians do not want or need such stupid political games.

Supply

• (1610)

I could say much more but I think that the budget will be more eloquent. Yes, we have a long road ahead of us, but I think that we are off to a good start. I am confident that the budget to be tabled in late February or early March will show all Canadians and world markets that our government meets its financial commitments.

By doing this, we will reinforce the conviction of the vast majority of Canadians, including my fellow citizens from Quebec, that this country, Canada, will fulfil its destiny of greatness and unity it deserves.

[English]

Mr. Ian McClelland (Edmonton Southwest, Ref.): Madam Speaker, I listened to the hon. member for Bonaventure—Îles-de-la-Madeleine. I wish I was as confident about anything as the hon. member opposite seems to be about everything, especially since it was the party opposite that was the father, the parents and the grandparents of the present dilemma our country faces today.

The member opposite is very quick to criticize opposition parties. However it does not seem to sink into members opposite that there is a good deal of distrust in the nation of the Liberal government, the parents of the dilemma that our country is in today, the very people who got us into this mess. A lot of people perhaps mistrust the fact that the Liberals present themselves as the people who have seen the error of their ways and are now going to be the ones who will lead us out of this dilemma and into the promised land. A lot of people in Canada have a healthy degree of scepticism about the ability of the Liberals to come through and do what they acknowledge must be done.

I have a question for the hon. member for Bonaventure—Îles-de-la-Madeleine whom I know to be earnest and hardworking. I honestly believe he speaks with conviction. What in his opinion is the single most important ingredient in getting our nation's finances back on track? What is the single ingredient on which everything else hinges?

Mr. Gagnon: Madam Speaker, I think I will include some of the very favourable remarks of the hon. member opposite in my next householder.

Yes, being a Liberal I am somewhat confident. There is confidence out there in the general population that the Liberals can deliver. The minister said it very clearly when he said that he would bring the deficit from a high of 6 per cent down to approximately 3 per cent of GNP within the next three years. This is something we are striving to do.

Of course it will not be done without any pain. We might be talking about short term pain for long term gain. We are not going to cut indiscriminately in every area. We still have social