

We know that we will be judged, as will any other government, on how we stick to this course. I suspect all members of Parliament will be judged on this course of action and the results or the successes that we achieve.

The debt servicing and reduction account will receive the net revenues from the goods and services tax, net proceeds from the sale of Crown corporations, and earmarked contributions for the debt reduction from individuals or businesses. It really will accommodate three specific cash flows.

By net revenues of the GST we mean that this will result in the flowing to the fund of the GST revenues after paying for the various rebates and credits that are directly a part of the goods and services tax, for example the low income GST credit, the input tax credit, the housing rebate, the tourism rebate, and the GST transitional grant to small business. In addition, private citizens and businesses will be able to make direct tax deductible contributions to the fund.

The revenues deposited to the debt servicing and reduction account will be used to pay the interest on the public debt and over time to pay down the debt itself. The bill requires that the account be audited annually by the Auditor General of Canada.

The debt servicing and reduction account we believe is a key step in assuring Canadians that the GST revenues will be used only for deficit reduction, rather than new program spending. To reinforce this initiative the government announced I believe a very important complementary measure, and that is legislated limits on program spending which will result in a program ceiling of government spending over the next five years.

Legislated spending controls will represent a fundamental change in how the federal government operates. Difficult choices and tradeoffs and reallocations will be required if spending exceeds the limits set out in the budget. This is especially so, bearing in mind that so many of our program expenditures are governed by statute and so many of them are indexed. It is going to take a great deal of skill and management to achieve these targets.

• (1650)

That places a greater deal of importance upon the need to contain inflation, because as we can contain inflation we can contain the costs associated with indexation. The fight against inflation is critical in terms of

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bringing down and keeping interest rates down. It is critical in terms of bringing down and keeping government expenditures down in the interest of fairness and equity for all Canadians, particularly for those Canadians who are on fixed incomes or our senior citizens.

It will take time, I am sure, for Canadians to appreciate fully what these spending limits mean. But, as a good illustration, I think we only have to look at the wage policy outlined in the February 1991 budget which limits Public Service salary increases to 0 per cent and 3 per cent.

Some would say this would cost a few hundred million dollars and we should have gone along with the PSAC. But, as I said earlier, to do this would mean we would either have to impose a new tax or increase the deficit; in other words borrow more money. Those are the two options.

**Mr. Manley:** Don't forget about cutting.

**Mr. Mazankowski:** Oh, yes, we have talked about cutting and we have heard from opposition members about cutting. We have heard their response. Every time we have tried to cut back we have heard the howls coming from across the way.

**Mr. Fulton:** How about the corporate sector?

**Mr. Mazankowski:** The corporate sector's profit and balance sheet does not look very good. The hon. member is the first guy to stand up in the House and cry for jobs. Where does he think we are going to get the jobs from if we are not going to get them from the corporate sector? Unless you have got healthy balance sheets in the corporate sector, you are not going to have any investment that will create the jobs. The hon. member speaks out of both sides of his mouth.

**Some hon. members:** Hear, hear.

**Mr. Mazankowski:** We will see where the hon. members come down, whether they want to continue the old ways of spend today and borrow tomorrow that brought us that 800 per cent increase, that eightfold increase in the public debt in a 10-year period. That is when it all happened and that was in great times.

The proposed Spending Control Act will ensure that any government that tries to break the spending limits will be held accountable to Parliament for its actions. The legislation was introduced in draft form and it is now being studied by the House of Commons. We hope that we will be able to proceed with this bill very quickly in