

The cuts of \$10 billion, however wrenching they may have been, just about match the required increases in debt payment of \$9 billion on the planned increased debt over this period. The expected increases in revenue due to prosperity and tax measures amount to a staggering \$12.7 billion. Yet, these revenue increases only keep constant the debt to GDP ratio.

• (1350)

The reason for this bottom line is that the biggest spending category in the budget, transfers to persons, which amounts to \$37 billion is to remain unchanged. The debt to GDP ratio will never be lowered during prosperity unless this spending category is made to contribute its share to the solution of the country's crisis.

Investors who determine the fate of the dollar and the Canadian interest rate will look at the bottom lines that loom behind the rhetoric and brave actual cuts. They will ask why transfers to persons are unchanged. They will remember the traditional Liberal slogans recalled above and will connect the two. They will not be assured.

Mr. Speaker, I hope for the sake of Canada and my children and yours that my diagnosis is wrong and that Reform will never be able to say we told you so.

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, in listening to my hon. friend I do not know whether he is going forward or backward. He does give me the impression that he is definitely going backward.

Unfortunately there are some things I have to agree with. He does speak to the fact that this government has not really been firm enough in reducing the deficit which is already astronomical. It does not take a rocket scientist to recognize that the longer we delay in resolving the issue, the more pressure we are putting on future generations.

It is the youth of this country who will have to pay. We are being nice to ourselves by not really being more firm but that is where I do not agree with this hon. member. I do not share his lack of feeling and lack of compassion toward people who are getting the screw when there is latitude to demand for example that the banks contribute a bit more.

Would my hon. friend agree with me that it is unfair to ask that banks in Canada contribute \$100 million over the next couple of years when we know they have been making incredible profits over the past few years? The Royal Bank last year made \$1.2 billion net profit. We are asking these banks to contribute only \$100 million and we are cutting and slashing social programs. Does he think that is fair?

Mr. Grubel: Mr. Speaker, I believe on economic policy one has to take the longer run view. It does not do to penalize success like the banks have had now for a year or so after having

absorbed huge losses for many years. If we do this kind of thing, we will drive out investment in Canada.

Investment in Canada is the source of our prosperity. It is the only source that will raise our living standards by increasing productivity. Without it, it is not possible. Even new technology needs investment to be introduced.

I do not share the judgment that it is wise for the longer run fortune of this country to say to anyone, be it a bank, a corporation, a professional, a gambler, anybody who has had success: "You are not allowed to keep it because there are some people out there who did not invest, who did not have luck, who did not work as hard. They have to get their money from us".

This is not what has made this country great and it is not what will keep this country prosperous. The Reform Party and certainly I will forever defend the system that has gotten us to the standard of living to which we have proudly become accustomed.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I listened to the member's remarks and noticed that he wanted to make some serious cuts to the social security program spending.

• (1355)

I have always believed that our responsibility in this Chamber is not to spend all of our time focused on those who are advantaged but to primarily make sure that governance always has a focus on those in our community who are disadvantaged.

I want to read directly from the taxpayers' budget in brief. Under unemployment insurance cuts which is currently \$15.6 billion the member is proposing a cut of \$3.4 billion by the end of the third year.

Does the member honestly feel that it is good public policy when people are in such a very difficult circumstance of not having a job to take almost a 22 per cent decrease—those are the member's own calculations—from those people who are going through a very difficult period, specifically being unemployed? Is that good public policy?

Mr. Grubel: Mr. Speaker, I thank the member for raising this important point. The OECD issued a report in which it said that Canada's unemployment insurance system is an outstanding example of excessive generosity. The Auditor General has a graph which I recommend to the hon. member. It documents this generosity.

If someone in the United States earns \$100 and goes on unemployment, he gets \$20. In Europe if he earns \$100 and goes on unemployment, he gets \$30. Does the hon. member know what a person gets in Canada according to the Auditor General? He gets \$60, twice the European amount. Is there any heartlessness in taking on the suggestions by the OECD and the Auditor General to reduce this excessive generosity a little bit?