

Borrowing Authority

times what it was between 1980–84, under the previous government.

• (1140)

All this, Madam Speaker, is part of our economic and fiscal plan to put Canada back where it ought to be internationally, as a country with a normal debt burden, not the debt-laden country the Liberal Party left us in 1984.

During the past six months, rising interest rates have hurt a number of Canadians, but they have also hurt the federal Government. As a result of rising rates, the debt charge has risen above \$6 billion for this year, partly because of the debt we were left by our predecessors. These \$6 billion, added to the annual deficit I mentioned earlier, would have raised this year's deficit to about \$34 billion.

In the Budget we had to take stringent measures, both to reduce spending and to increase the revenues the Government needs to control the annual deficit and the national debt.

The announced spending cuts may not be welcomed by everyone, and I realize that. What surprises me, Madam Speaker, is that the Opposition criticizes the spending cuts in the Budget but complains that the deficit is still too high, and then turns around and wants us to spend more money. How can they expect us to reduce the deficit when they want this Government to increase its spending?

Madam Speaker, I think we are lucky to have a Minister of Finance (Mr. Wilson) who is truly exceptional and who in his last five Budgets has done a tremendous job of putting the finances of this country in order.

The increase in revenues announced by the Government in the Budget has been achieved without penalizing low-income Canadians, by putting this burden on those who are able to carry it. Furthermore, the Budget provides for a judicious mix of revenue sources: increase in sales tax, increase in personal income tax, a tax on large corporations, and also a change in the level of unemployment insurance and a radical change in the federal sales tax. And you know as I do that the federal sales tax we have in this country is 65 years old this year,

since it started in 1924. So we think that after 65 years, the present system should retire and we will bring in a new system for the Canadian economy of the 1990s, one that Canadians want; that is, they will see the taxes they pay, which is not the case with the present federal sales tax. It will also correspond to the world situation. Do not forget that the proposed new federal sales tax system is already in place in 48 countries in the world and works well.

So, Madam Speaker, all this means that we have essential measures to bring our deficit back down to a proper level in the coming years, that is, around \$15 billion in 1993–94, and to control inflation which threatens every household in the country. If it is not controlled by some rise in interest rates—we know what happened in 1980 and 1981, when the party in power let inflation rise to 12 or 13 per cent. At some point, it realized that things were not working and that inflation was too high. So it said that the only way to reduce inflation was to raise interest rates, which it did. We had interest rates of 22 and 23 per cent.

An Hon. Member: We remember!

Mr. Vincent: We remember very well and I began my law practice then—I remember it very well.

And what we are saying today, and especially what we have done, is the opposite! We have to let interest rates rise somewhat to keep inflation at what is considered a reasonable rate accepted by and acceptable to all Canadians, around 4 per cent. And we knew that in so doing, we would have some problems with the Budget.

I think, Madam Speaker, it is as important, if not more important, to have a slightly higher deficit this year, but a reasonable rate of inflation and economic growth for the country, than to have a situation similar to what we had in 1980, 1981 and 1982, when households, contractors, everyone suffered from the policies, or rather lack of policies, of the government then in power.

So, Madam Speaker, Bill C-11 asks this House for authority to borrow \$25.5 billion to make up for the shortfall we will have next year. I think it is important and imperative that this House pass Bill C-11 as soon as possible.