

[English]

—the compliance cost of a sales tax would exceed \$4 billion in Canada. Thus it would be extremely expensive for the small businessman and for the farmer. Would the Minister care to address those two questions?

[Translation]

Mr. Loiselle: First of all, Mr. Speaker, I thank the Hon. Member for his interesting comments. The debt in general is, of course, the result of accumulated deficits and while we had forecast last year a lower deficit, something occurred this year that none of the analysts had seen coming. At the end of last year, already, with interest rates reaching 10 per cent, after the 1987 crash, after a four-month employment slowdown that had levelled, that had peaked, everybody expected us to go through, if not a recession, at any rate a much calmer period when inflationary pressures would ease off. Unfortunately, those pressures did not lessen and exerted on our economy such forces that, in view of what was happening elsewhere, interest rates had to go up, and we were left with unexpected, extremely heavy and burdensome costs, that we strived to offset as best we could during the expenditure review exercise.

You talked about a \$31.5 billion deficit. A deficit of \$30.5 billion is forecast for next year if interest rates take long to fall down. And today, in this House, we heard my colleague the Minister of Finance explain that we should first give the Budget time to produce results, and be confident we will witness a move in the right direction in the months to come.

Deficits are adding up. As you say, the deficit will be \$28 billion next year. That's right, but the economy is growing too. And the important thing is that we succeed in balancing anew our debt, our deficit and the economic growth so that those threatening and paralyzing cuts in our spending gradually diminish. We hope so and we have made projections accordingly.

Now, you say that the cuts are minimal. When we cut \$1.5 billion, to mention only that aspect, it is more than a little. Moreover, you have to hear our friends over there. To listen to them you would think that we must cut somewhere else without touching our spending. It's a rather difficult thing to do.

The Budget—Mr. Loiselle

So we made what we think is a good trade-off, a trade-off which protects regional distribution and especially the most disadvantaged, and I think this trade-off is just and puts us on the road to recovery.

Concerning the goods and services tax, you spoke about the problems related to its administration. A considerable reduction in administration costs was certainly one of the advantages we saw in a national tax in which the provinces would have joined. Concerning compliance costs for small and medium-sized businesses, as you will see in the material which will be distributed early next summer, specific measures will be taken to help businesses in the management of this tax.

I cannot go into any detail now, but we will surely do what is necessary so that businesses can manage this tax without difficulty.

[English]

Ms. Langan: Mr. Speaker, I have three very brief questions, having listened to the Minister. He stated that it is easy to borrow from future generations because they have no vote. My question is this: would he not agree that it is also easy to steal from today's children because they have no vote?

In the Minister's speech there was no direct reference relating to the banks of Canada. How are Canada's banks paying down their proportionate share of the deficit? Is it through appropriate and fair taxation?

Finally, will the Minister please assure Canadian children and Canadian families that there will be no sales tax on family counselling for troubled families?

• (1620)

Mr. Loiselle: Mr. Speaker, I would like to thank the Hon. Member for her questions. I expect that all Members would agree that this country is faced with a problem. It is not a question of having the choice of doing everything we would like to do. We are faced with a problem which is growing at a very dangerous pace.

One thing is obvious, when you receive at the end of the budget year a bill of \$6 billion that is expended in interest rates, you have to get it somewhere, either through taxes or through your programs. If you want to make sure that it does not decrease again next year and gradually pushes you out of the capacity to make decisions about programs, you have to make certain decisions. I believe that when you look very closely at the measures which have been taken, some of them have been postponed in response to the question: Should we go out and borrow \$3 billion again?