

ment of the debt. This is the only action that will ease the inflationary pressures in the economy in order that interest rates can be reduced to an acceptable level, secure programs which Canadians value and set us on a course for sustained growth. This is the type of economic conditions which all Canadians want to create, and they want to see the leadership and courage necessary to ensure that these goals are attained.

This budget will take us into the next century in a strong position to take advantage of the increasingly competitive climate to which we are proceeding in the world. We do not want our children to look back and ask the question why we did not have the courage to deal with the problem when we knew it existed. Indeed this budget shows the courage to make the tough decisions and to do what Canadians have asked: be a government that looks into the future and implements the policies necessary to secure that future.

Mr. Joe Fontana (London East): Mr. Speaker, I was most interested in my hon. friend's comments. I do not know how he can have some of the things that he did with such a straight face, because I am not sure that Canadians are buying it. I have a number of questions for him. Perhaps he could answer them more specifically.

The member talked about this budget and its assumptions. Every major group in this country has questioned the very assumptions that this budget talks about, namely interest rates at 11 per cent. The member knows that current interest rates are 13.5 per cent, that growth rates are unrealistic and that the Minister of Finance has admitted the budget will increase unemployment rates.

Five budgets ago the same Minister of Finance had indicated that if everything had been as he predicted in 1985, the annual deficit would be \$15 billion today. Yet we know that he was dead wrong then and is dead wrong now, because we still have a \$30 billion deficit.

I wonder if the member could also answer for me why he believes—and he comes from Ontario—Ontario should be penalized. Is it because it is doing such a good job, because it has a surplus in its budget or, as he indicated, because it is spending too much? Which is it? Why penalize the prosperous parts of Canada that in fact

make it possible for this country to provide services to the rest of the country?

How could he say to the Canadian people that there are no new taxes in this budget when it specifically mentions the GST to the tune of \$1.9 billion and also mentions those other tax measures that were in previous budgets, such as the deindexing of family allowances, personal exemptions, and so on?

I wonder if the member would be good enough to give the straight facts to Canadians.

The Acting Speaker (Mr. Paproski): The hon. member for St. Catharines has two minutes.

Mr. Atkinson: Mr. Speaker, I would be happy to answer the member. Ontario has not been penalized in this budget.

Mr. Fontana: A 5 per cent cap; that's a penalty.

Mr. Atkinson: Ontario has been asked to share in the consideration of the reduction of the problem. Ontario has had its spending increased by an average of 10 per cent over the last five years, every year. Obviously a period of restraint would have been in order. Why did it increase the public service by 7,000 people? It was not necessary. All these programs have come into effect. It seems that whenever a Liberal government gets into office the spending starts all over again.

• (1620)

It was very interesting to read the results of the debate that occurred Monday night, how the Minister of Finance was up against the representative from the Liberal Party and how the editorial said that it was no contest whatsoever. It went on to say that there is no alternative to the GST being offered by the Liberal Party and asked what is going to happen? It certainly has not come out yet. We are still waiting for it. The editorial went on to say that getting the Liberals back into office and having a GST would be like giving matches to pyromaniacs. I think that is a fair characterization of what would happen.

Mr. Jim Edwards (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I appreciate the opportunity to participate in the budget debate, particularly since I had the opportunity earlier this week, on Sunday evening and Monday, to be a participant in the