

Government Orders

house in order if the consumers of the country are ever again to develop any measure of consumer confidence.

The government has introduced some cost cutting measures. However the government will still be running a \$40 billion deficit this year. This is because it has introduced 18 new spending programs and 15 new studies.

In the budget speech the Minister of Finance stated that people told the government it should freeze spending and it agreed. That is what he said.

The minister may have agreed with that point but he took no action to implement it. In fact he did the opposite. Total government spending is up from \$160 billion to \$163 billion. Because of this action and the recent rise in interest rates it is my opinion that the government cannot possibly reach its target of 3 per cent to GDP ratio in three years. It is impossible under the present budget.

Total debt as a percentage of GDP has been increasing steadily over the last 25 years. In 1970-71 total debt represented 21.8 per cent of GDP. Forecasting predicts that in 1995-96 total debt will represent approximately 75 per cent of GDP. By the turn of the century, if current government spending habits continue, total government debt will surpass our GDP. This would mean that we would eventually owe more than we earned in a year as an entire nation. I find this a national shame.

Our poor financial condition is evident in some recent trends in the Canadian economy. The dollar has come under increasing pressure and foreign investors are withdrawing their money in response to the staggering government debt load.

The IMF warned of such a situation last year. It predicted that the dollar would begin to slide if "Ottawa and the provinces fail to cut spending in their upcoming budgets". This is exactly what happened.

The Dominion Bond Security Rating Service recently downgraded its rating on Canada's foreign currency debt from AAA to AA high. Dominion stated that it had no choice but to downgrade the rating since there were no "meaningful reductions" in the government's recent budget.

This represents yet another harbinger that the nation's fiscal house is in disorder and could be on the verge of collapse. None of this has frustrated the Prime Minister and his government. It has not frustrated them at all. The encouraging news that I have just outlined has somehow prompted the Liberal government to embark on a \$6 billion credit card infrastructure program.

• (1225)

Interest rates have been edging up as foreign investors see Canadian debt load increasing and as they react by selling off their Canadian dollar holdings. The dollar has lost two or three

cents since budget day and as well the government deficits will continue at unreasonably high levels in the short term.

The budget similar to the Liberal election victory is a status quo entity, that is if they do nothing and say nothing they hope to emerge undamaged by public scrutiny. Contrary to the claims of the finance minister the budget is just nibbling at the edges of the problem.

The one area of spending that needs to be reformed and is not, which is the largest government spending program, transfers to provinces and persons remains relatively untouched by the government. Over 50 per cent of our budget is spent on social programs and transfers to provinces and persons. This huge area has been virtually untouched.

Industry, investors and individuals are looking for signs of stability and thereby certainty of the future economic direction of our country.

The Deputy Speaker: It is the hon. member's maiden speech. I wonder if there might be unanimous consent to let him have a little longer to finish it. Is it agreed?

Some hon. members: Agreed.

Mr. Harris: Thank you, Mr. Speaker. I am just about done.

The budget was supposed to represent stability and certainty in the future economic direction of our country. Sadly, very sadly, budgets such as the one presented on February 22 do not provide any kind of stability or certainty. Continued deficits point to higher taxation, individuals are cautious in the use of their disposable income as they see it shrinking and as they see their job certainty becoming more uncertain and industry is looking south of the border for a more hospitable economic climate.

The underground economy is running at about \$70 billion a year. This all represents definitive evidence that there are problems with taxation on industry and taxation more generally.

Alberta has recognized the negative effects government debt produces. Accordingly in its provincial budget it has taken measures to eliminate the provincial deficit within a few years and is predicting a surplus. Those people from western Canada hope that will work and they are confident it will.

Other provinces and the federal government must take similar action. Rosy revenue projections are simply no longer acceptable. The federal government needs to take action on this issue and we need action today.

I will just sum up. We in the Reform Party have been constantly speaking about taking action. The government has failed to listen to us. We in the Reform Party will continue to speak on additional cuts that the government has to make to its budget and we have been. We will do all these things in an