

*The Budget—Mr. Young*

on low and middle incomes, while the tax burden on corporations and big companies has shrunk dramatically?

**Mr. Layton:** Mr. Speaker, 20 per cent of today's deficit reduction is due to supplementary revenue, while 80 per cent is the result of spending cuts. I think this balance is justifiable and is acceptable to Canadians. I am confident that once Canadians have evaluated the situation, they will agree this is exactly the kind of balance they want.

**The Acting Speaker (Mr. Paproski):** Does the Hon. Member have any more questions? The Hon. Member for Ottawa—Vanier (Mr. Gauthier).

[English]

**Mr. Gauthier:** Mr. Speaker, I would like to ask my friend a question about interest rates, a very important subject. There are people in this country who believe interest rates are too high. Indeed, they believe the Government, in the three and a half years it has been in power, by maintaining these very high interest rates, has cost Canadians some \$2 billion through excessive interest payments on the national debt. My hon. friend knows that debt has increased by \$116 billion since the Tories took office in 1984, a 60 per cent increase. He also knows that if we were to lower interest rates to a reasonable level through government action, we would save money because of the lower cost of paying interest on the national debt.

Is the Hon. Member in accord with the theory that interest rates could be lowered through certain fiscal and other monetary actions by the Government, therefore helping Canadians to increase economic activity and possibly reduce the deficit much faster?

**Mr. Layton:** Mr. Speaker, my hon. friend from Ottawa—Vanier raises the question of whether the Government can simply save money by arbitrarily reducing interest rates. I think he will be as aware of the factors that go into interest rates as anyone in business. The only true interest rate which can apply in Canada is what the market will support. The system in effect today is that of maintaining a market base interest rate in competition with other markets around the world. It is no longer a case of Canada isolating itself and pretending that we can have a particular level of interest rates and dollar value. We are in an international market of instant communication. Money is moved instantly by computer around the world and we would quickly suffer if our interest rates were not as attractive as those of the Americans and Europeans.

[Translation]

**The Acting Speaker (Mr. Paproski):** The period provided for questions and comments has now expired. Resuming debate. The Hon. Member for Beaches (Mr. Young).

[English]

**Mr. Neil Young (Beaches):** Mr. Speaker, I am glad to have an opportunity to say a few words on the most recent Budget

which the Minister of Finance (Mr. Wilson) has presented for our consideration in the House. I certainly can agree with the Hon. Member for Lachine (Mr. Layton) that the Minister is a very nice kind of chap. However, that does not mean we think his Budgets are always well thought out or that his competence in some respects cannot be questioned.

In preparing a few notes for today's debate I came across a statement by the Prime Minister (Mr. Mulroney) which he made in this House on March 16, 1987. He said:

—we are in the process of building two Canadas, one which is rich and promising and one which is underdeveloped and underemployed.

I, of course, agree with that observation. However, where the Prime Minister and I would probably disagree is on the approaches that the Government has taken to correct that very true statement.

This Budget does absolutely nothing to correct the anomalies that he and others find in various parts of Canada today. Unemployment remains unacceptably high in most regions. The exception is in the area surrounding my own constituency in the City of Toronto. Certainly one hears of the very low unemployment rate in southern Ontario, Metropolitan Toronto in particular. What is not as well known is that the vast number of jobs created in a place like Metropolitan Toronto have actually been part-time jobs. Neither does the Government talk about the vast army of people who are not considered unemployed because they do not meet some statistical criteria set down by those who record unemployment levels.

There are all kinds of people in Toronto and elsewhere over the age of 50 who have become unemployed but are no longer considered unemployed because they are not collecting unemployment insurance. Yet they cannot find jobs. To those people it is meaningless when the Prime Minister and others talk about the number of jobs created in Canada since 1984. Therefore, I tend to caution people when they talk about the prosperity in southern Ontario. Much of it is not real at all, even though in comparison to other areas of the country there is no question we are better off.

I recall being in Nova Scotia, Newfoundland and New Brunswick about this time last year where unemployment among young people is just horrendous. You cannot go into the Atlantic region without coming out thoroughly depressed at the hopelessness of many of those young people. Once they come out of school there are no jobs for them down there. If they are going to find work they have to uproot themselves from their families and communities and move to places like Toronto. I do not think that anyone, by any stretch of the imagination, will say that this is acceptable in a country as rich as Canada is today, if it was ever considered to be acceptable at all.

Rather than make that situation better for those people, this Budget and previous Budgets have actually made it worse. When you look at what previous Budgets have done to the average Canadian family through increases in sales and personal taxes, you find it amounts to an additional \$1,400 a