

The Budget—Mr. Blenkarn

When we took over, the total amount of deficit in relation to Gross Domestic Product was 8.5 per cent of the Gross Domestic Product. Last year it was down to 4.6 per cent. As a percentage of the production of the country we had reduced the deficit to very nearly half. The borrowing requirements of the country were 6.7 per cent of Gross Domestic Product when we took over, and now they are 3.2 per cent of Gross Domestic Product. The money that has to be raised is less than half of what it was when the Minister of Finance took over. Therefore, he has done a remarkable job in handling the problem. The fact that he has done a remarkable job in handling the problem means that we have to do a remarkable job too. We have to take a look at that problem and do what we can to assist in handling it.

We have to bear in mind that the interest that we pay on the debt is more money than we raise in sales taxes, customs duties, excise taxes, and corporate taxes all rolled into one, and then some. In interest alone it amounts to \$39 billion. It would not be all that bad if we did not have to look at the problem of interest straight at it the way it comes at us. The Minister of Finance has forecast that perhaps interest rates will go down a little, and perhaps he will be able to carry the deficit next year with interest expense at \$39.4 billion. The Minister of Finance has a problem that requires not only that there be some good luck in the economy, but that there be a further reduction in interest rates.

If interest rates do not go down, then we have real serious problems. Those problems may well mean that we will have to take more drastic action. Let us look at the actions taken. There are cuts in programs of about \$1.5 billion. There are tax increases of about \$3.5 billion in the Budget for this year. The Budget cuts for next year come to approximately \$2 billion, and the tax increases to approximately \$7 billion to increase the revenue or the amount toward the problem by \$9 billion in the second year.

That is exactly what the IMF suggested that we do. In order to balance our problem it stated that we have to substantially change our Budget practices, and we have done that. We would have thought that the other side would have had some understanding of the arithmetic, because we are talking about arithmetic when we have a Budget. It is simple, ordinary, straightforward arithmetic.

• (1700)

However, what we hear from the Opposition is whining of the worst fashion. We hear Members opposite claim that we will damage a number of segments of our society.

Let us look at the resolution that we will be voting on later today. It says: "for eroding the universality of vital social programs". Let us talk about that. If someone is wealthy enough to have \$50,000 or better of taxable income, should that person continue to receive a social hand-out from the state, or should that social hand-out from the state be reduced?

Mr. Marchi: It is not a hand-out.

Mr. Blenkarn: Should they not be able to stand on their own? My mother-in-law says that you should and she does not have that much money. She says that it is about time we did, and my parents say that it is about time they did. Many people say that it is about time, and let us realize that it is about time we did.

Mr. McKnight: What would \$50,000 taxable income be? It must be an income of about \$75,000 a year.

Mr. Blenkarn: It has to be a little over \$60,000 anyway. Of course, it is only eroded at the rate of \$150 per thousand of income. You are up to \$85,000 or \$90,000 before you are wiped out on the old age pension, and about \$70,000 before the family allowance is taken away, per child.

It would seem that this is a terrible thing to happen. Universality is really damaged and that is a real serious matter and no contribution should happen there because, after all, we are hurting the old, the sick, the lame, the blind and the hard done by, the people who do not have a lot of money. That is what we hear from the other side.

Let us consider the next part of the resolution which states: "for continuing and increasing the unfairness of the tax system". That is a real winner. When a special surtax is placed on people earning over \$70,000 a year, that is unfair according to the Liberals and New Democrats. When a special surtax is put on corporations that have not been paying any tax, that is unfair according to the New Democrats and Liberals. Where is the unfairness in the tax system in this Budget?

Next, the amendment states: "for renegeing on its commitment to develop regional equality". All one has to do is look at the Blue Book. You will find there is more money for regional development this year than last year, and more money last year than the year before. That assertion in the amendment is wrong. Are Members opposite saying we should vote in favour of falsehood?