

Government Orders

[English]

—restoring fiscal responsibility, a responsible social security system and a framework for economic renewal. There was even a mandatory pledge to get a handle on things next year and really take action the year after that.

The minister bravely proclaimed it is time for the government to get its fiscal House in order while confessing that the government plans net spending increases of \$3 billion in the next fiscal year.

After nine years of Tory smoke and mirrors, inflated revenue estimates and broken promises, Canadians were entitled to expect something new, something better. All they got was the same old hokum that hardly anyone takes seriously any more.

This government which plans to persist with the Tory practice of killing the economy with high taxes is nevertheless predicting that the economy is going to miraculously rebound, thus inflating its projected revenue.

Personal income tax which unexpectedly fell by \$6 billion this year is supposed to rebound by \$7 billion next year. The anticipated increase of \$1 billion from higher UIC premiums will probably come true. Why should GST revenues increase by \$1 billion when anyone who has a few dollars is scared to death to spend them on consumer goods?

Rather than face reality and cut spending now, the government wants to party on. It wants to borrow another \$34 billion to pay the tab. It has already been quite a party, twenty years of glorious excess.

Now our children and our grandchildren are going to be stuck with both the bill and the hangover. The \$500 billion that this government already owes is going to be around for generations. Because of it those future generations are going to have a lower standard of living than we have had. There is no way out.

In the name of decency and common sense, how can we justify borrowing another \$34 billion to make their burden heavier? More to the point, how can we talk about adding another \$100 billion to this load on their backs for the next three years?

Remember that \$100 billion is based on the rosy estimates of this government. If events of the last 20 years are any indication, it will probably be closer to \$150 billion if the foreign money lenders do not come and take our credit card away before that happens.

Thanks to the magic of compound interest the debt we have already accumulated is eating us alive. Debt service costs this fiscal year will equal the cost of old age pensions and UIC combined. Every second the federal government pays more than \$1,200 in interest. A typical Canadian family of four pays \$460 in taxes every month just to cover the interest on the federal debt, a third of which is foreign debt.

● (1630)

For 20 years the Grits and the Tories have told us soothingly that mounting government debts are not really a problem because they are internal, that we owe it to ourselves and since the interest payments remain within the domestic economy they constitute only a recirculation of funds, an economic perpetual motion machine.

Even if one accepts this Disneyland approach to economics, the basic premise is no longer true. We are paying so much interest to foreigners that even though we have had a trade surplus every year for decades, our current account balance has been negative since 1985. This year our current account shortfall will be \$25 billion and our foreign exchange reserves are shrinking.

If provincial foreign debts are added to those accumulated in this place, and that is reasonable since most countries do not have states or provinces borrowing money on world markets, Canadian public foreign debt is greater than that of Mexico and on a per capita basis it is greater than that of Brazil.

The government can wail "But there is nothing we can do. If we cut spending it is going to hurt". Sure it will but the pain can only be delayed, it cannot be avoided. Every time a year goes by and another \$40 billion is added to the burden, the intensity of the potential pain becomes greater.

What is more desirable, to cut voluntarily while we still can or wait for the inevitable fiscal meltdown to burn us up like New Zealand and Sweden? How long does the government think that our economy can survive if the foreign bankers cut us off? How long before we would have to go hat in hand to the IMF like a third world country?

The government says it cannot cut spending because of its great compassion for the poor and the disadvantaged. I submit that the trick is to target social spending to those who need it. We can no longer afford to subsidize high income individuals and we can no longer afford to subsidize corporate Canada. If the government does not start to practise a little basic economic management, that compound interest machine is going to continue to accelerate.

One-third of every tax dollar collected by the government is already being used to service existing debt. What happens in the not too distant future when that becomes 40 cents out of the dollar, 45 cents or even 50 cents? Where will the money come from to pay for social programs or even to provide basic government services?

If the whole rotten structure comes tumbling down there will be no medicare, no pensions, no UIC, no welfare, nothing. Those who will suffer the most will be the weakest members of society: the sick, the old and the very young. That will be the govern-