

The United States has been financing its trade deficit, now in the range of \$130 billion to \$150 billion, and its fiscal deficit in the range of \$180 billion to \$200 billion, by foreign money, primarily Japanese. As a matter of fact, you could say that Japan is virtually the banker of the United States at the moment. In three or four years from becoming the largest creditor nation in the world, the United States by the end of this President's term will be the largest debtor nation in the world at about \$500 billion U.S. dollars. The United States is now vulnerable like the rest of us in currency movements. If the U.S. economy falters, or if world confidence is shaken in the American economy and that money is pulled out to finance both of those deficits, interest rates from the federal reserve will have to go up and we will have the beginning of a very serious world crisis. We have no views from the Minister of that. We have no views—

[Translation]

—concerning our international system of payments and banking operations, because I believe this situation as well is very precarious. Indeed the international debt amounts to \$1 trillion, which is more than the total assets of western banks. Developing countries in Latin America and Eastern Europe do not have enough trade to meet the interest payments on their debts. The problem is made even worse by the current geopolitical situation in the Middle East and in other strife-torn countries. We would have liked the Minister to tell us where he stands with respect to these questions. What is Canada doing to help stabilize the exchange rates? What is Canada doing to encourage the reconciliation or reorganization of the international bank debt? We are not isolated, we are not immunized. These situations are contagious. But the Minister does not confide in us, he does not share his thoughts with us.

The Minister proudly states that our deficit is now proportionally identical to that of the United States.

[English]

That is a real big deal and a great target. In the words of the Minister, reducing the deficit is the priority; to quote him, it is "right on the top of the heap". But how come he is back to square one? The deficit is roughly at the same level it was when he took over in September 1984, and my colleague, the Hon. Member for Laval-des-Rapides, has explained that very carefully. How did the Minister keep the deficit where it was? Not by expenditure cuts, but by raising taxes on the middle class of this country, slashing regional development spending, dramatically cutting EPF transfers to the provinces, slashing funding for research and development—

Some Hon. Members: No.

Mr. Turner (Vancouver Quadra): —firing our scientists, letting our best brains go to the United States and elsewhere.

While I have the Minister trapped here in the House of Commons, can I say one thing to him through you, Mr. Speaker? Try to get the accounting straight in this country.

The Budget—Right Hon. Mr. Turner

Investment in research is less a current expense than an investment. It is a capital expense in the future of our country. It is the best investment we can make. Treat it that way in the public accounts.

What has been the impact on the public debt of this Minister? I do not want to stop him burnishing his reputation with his friends, many of whom I know, by the way. But the total public debt has gone up since this Government took over. It will have gone up by an astounding 67 per cent to \$294.8 billion by the end of the fiscal year 1987-88. The Minister inherited a public debt on September 17, 1984 of about \$175 billion. He has run it up to \$300 billion. Forty per cent of the total public debt of Canada has been incurred by a Conservative Government.

Mr. Mazankowski: Big deal.

Mr. Turner (Vancouver Quadra): The Deputy Prime Minister says "big deal". Presiding over a Government like this, he knows what a big deal is.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: We know the big legacy you guys left us.

Mr. Turner (Vancouver Quadra): The Deputy Prime Minister has been courteous to me and has been listening. Let me now give him a plain and simple fact. It comes from the Minister of Finance's own budget calculations. I want to give tribute to the Minister that this record of public debt is unequalled by any other Minister of Finance in the history of our country. I believe a fitting epitaph to be printed on the tombstone of this Government should be carved this way, "Here lies the Tory Government sunk by the weight of its own hypocrisy".

Despite all the rhetoric there has been very little substantial movement on the deficit and no progress at all getting at the expenditure side of the Government. In his last Budget we saw, "In every case we are spending smarter and making better use of scarce resources". I believe those were the Minister's words. That statement falls a little flat in the face of the facts. The \$500,000 capital gains tax exemption will cost \$800 million this year. The Canadian Commercial Bank and the Northland Bank fiascos cost another \$1.6 billion. I am sorry that "billion-dollar Barbara" is not here to listen. The Gulf-Reichmann deal cost \$1 billion. The Hong Kong takeover of the Bank of B.C. cost \$200 million. Those are just some of what the Minister of Finance used to call the big ticket items.

Mr. Mazankowski: Are you against that?

Mr. Turner (Vancouver Quadra): We want to explore why that \$200 million was necessary, but we are not against the sale. We would like that \$200 million examined by the committee. I do not have time to explore the prison in Port Cartier, nor do I have time to explore the public relations campaign to sell free trade. I am not invited along on the