

Party has clearly established in addressing these problems. My first point is that we identify these as real problems, problems which must be addressed if we are to have a health economy in Canada. Let us look at the Budget deficit. Any time I have raised the question of the Budget deficit, I hear Members from the other side of the House braying, "What would you cut, what would you cut?" That is the wrong question. The question is: Do you regard the deficit problem as being a serious problem and, if you do, would you do something about it? The clear answer on the Conservative side of the House is that we view that as being probably the most serious economic problem today. We would do something about it. Then the question is: How would you cut; would you cut by raising taxes or by cutting government spending? Again the answer is very clear. We would cut spending. We would not raise taxes. Tax levels in Canada are already too high. Spending cuts are important for another reason. If we raise taxes, we provide more funds for politicians and bureaucrats to spend. A discipline has to be applied to the Government and to the bureaucracy. That discipline is not applied if we provide more funds for the politicians and the bureaucrats to spend.

Government today overall represents close to 50 per cent of our national economy. We have talked for years about the problems in England and in Sweden when they got close to 50 per cent. We are there now. I see the Hon. Member for Mississauga North (Mr. Fisher) shaking his head. I suggest that he should take out his sliderule or little pocket calculator and find out where we stand. Overall in Canada, federal, provincial and municipal Governments spend just short of 50 per cent of the national income. If we are to have spending cuts, clearly they have to be broad and affect all segments of government. They have to be sensitive and they have to be equitable. Also we have to address waste and inefficiency in government. Every time we receive the report of the Auditor General, there are examples of how we could cut waste and inefficiency. Also there are some programs which clearly could be cut or even eliminated today. They are low priority programs. Some have been in place for many years. Very few people in the country would even know they had been eliminated.

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The key question that we must address here is why we cut spending. First, it is very clear that reduced deficits mean less government borrowing. Less government borrowing means less pressure on interest rates. We would therefore have lower interest rates in this country. Less government borrowing also means that the limited resources for investment would not be spent by governments but would be spent in the private sector for investment in new technology, new types of equipment, more productive equipment. That results in a better competitive position for Canada. The improved competitive position would automatically lead to an improvement of job performance, economic performance and a healthier economy.

The other point, on which is somewhat harder to put your finger, is that it would lead to better confidence in our economy, better confidence in the long-term performance in

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the economy. There is continued debate among economists as to whether high Government deficits lead to high interest rates. I say, with respect to the economists in this place and outside the House, that that is an academic argument. It has been a discussion between academics. The real world has made the decision. The real world has clearly demonstrated by the rates in the market today that high deficits lead to high interest rates. High interest rates are slowing down the economic activity in Canada. That is the clear reason why we have to spend some time in addressing that problem.

While talking high deficits, I want to draw attention to what deficits are doing to our younger generation. We are worried today about young Canadians who do not have jobs. Let us consider what the deficits today mean to those same young Canadians. I ask Members of the House whether they would go to the bank today, take out a \$10,000 or \$15,000 loan on behalf of their children, leave it to their children to pay the interest and repay the loan, and take that money to buy a new suit or a trip to Florida, spending it on themselves and not for the benefit of their children. That is what deficits are today. We are literally robbing the next generation of something that is rightfully theirs. As participants in that robbery in the House, we are doing something to undermine the basis of security and stability of the next generation.

Let us look at the impact of the deficit on the economy. I want to draw the attention of the House to a number of statistics released recently by Statistics Canada. The growth of our national economy in the fourth quarter of 1983 was only .9 per cent, after being adjusted for inflation. That expressed on an annual basis is 3.6 per cent, sharply down from the previous quarter of 8.1 per cent.

Another notable indicator in the slowdown is the decline in real personal disposable income in 1983. Nominal income rose by 5.1 per cent, but with a 5.8 per cent increase in prices, it means we have suffered a decline of .7 per cent in real disposable income. That cuts back from the ability of the economy to grow.

Business investment is down by substantial amounts, 12.2 per cent in real terms after a decline of 11.2 per cent in 1982. The outlook this year is for business investment to increase, after adjustment for inflation, practically not at all. Therefore, we are in a static period after two years of substantial decline. That means that money is not being spent on new equipment and new technologies. We are going to slip further in our international competitive position.

Let us move on to the international competitive position. How are we going to address that problem? First, obviously, we have to do something about the deficit. I discussed some of what we would do there. Let us look at the other elements here. Inflation control is a very important part of it. We have had a drop in the level of inflation in Canada from the 12 to 13 per cent to which the Government had taken us some two years ago down to a 5 to 6 per cent level now. It is still 1 per cent to 2 per cent higher than that of our competitor countries. We should be striving to get it 1 per cent or 2 per cent lower so that we improve our competitive position. I will say it again: