

I will tell members what this government does not want to do, and that is bring in a budget like the Reform Party did based on phoney assumptions and false input which does not attain its objectives.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the fundamental flaw in the minister's answer is the same fundamental flaw that was in his budget yesterday.

It does not come clean about the imminent threat to Canada's social programs from rising interest payments. Under the minister's budget plan program spending will be reduced by \$12 billion over three years, yet the interest on our debt will grow by \$13 billion to \$51 billion a year in 1997. The reality is that the interest payments are growing faster than the ability to either cut or raise revenue.

• (1425)

My question to the finance minister, and this is just looking for a straight figure, is can he tell Canadians how many billions of dollars per year they will be paying in interest in the year that the budget is finally valid?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the member opposite knows that his question is nonsense. We have said that we are going to get to a balanced budget through a series of short term targets and therefore obviously we are looking at the ultimate thing.

I cannot believe that once again this party stands up and talks about preserving social programs when last week it brought down a budget which said that the ultimate purpose of it was to make sure that every poor Canadian stays poor and that the middle class becomes poor.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the minister claims that his budget protects social programs from unfair unnecessary cuts, but the real social cut is lurking in the massive unnecessary interest charges that this government is irresponsibly building by not attacking the deficit more quickly.

This means that when Liberal social cuts come, as they will, they will be bigger and more desperate and more destructive than Canadians could imagine.

Will the finance minister honestly admit to Canadians that he has put social programs in the gravest of jeopardy by failing to balance the budget more quickly when he had the chance?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the way to clean up this nation's finances is to bring in a budget that brings federal spending down from \$120 billion in 1993-94 to \$108 billion by 1996-97.

### Oral Questions

The way to deal with the nation's finances is to have program spending at 13 per cent of the total, which is the lowest number since 1951. The way to preserve social programs is to make sure that the party which said it would claw back the old age pension from people on the guaranteed income supplement never takes power.

**Some hon. members:** Hear, hear.

[Translation]

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, my question is directed to the Minister of Finance.

The budget tabled yesterday provides for additional cuts of \$7 billion in payments to the provinces over the next three years. By transferring an additional \$7 billion shortfall to the provinces, Ottawa is again downloading part of its deficit.

Would the Minister of Finance agree that the additional cuts his government has ordered in transfer payments to the provinces will inevitably cause either a reduction in services to the public or an increase in provincial taxes or a combination of both?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, not at all. At our meeting with the finance ministers, they asked us, first, to give them at least one year's notice: no surprises. And we did that.

Second, they asked us to cut our own spending first and to cut more than we would cut in payments to them. In 1996, for instance, there will be a 7.3 per cent cut in federal spending and only a 4.3 to 4.4 per cent cut in payments to the provinces. If we consider the province of Quebec, it is only \$350 million compared with this year. So these cuts are less than 3 per cent of provincial revenues, and I think that is reasonable.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, the minister's figures are wrong. He is looking at total transfers, and he knows perfectly well he is only cutting cash transfers.

Would the Minister of Finance confirm that the cuts in transfer payments to the provinces he ordered yesterday will result in a shortfall of over \$2.5 billion for Quebecers, three years from now?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, compared with this year, it is \$350 million.

• (1430)

[English]

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, during the 1980s Michael Wilson used to deliver budgets that contained the same rhetoric and projections of stable debt to GDP ratios as did the budget tabled yesterday. As