

Government Orders

How can the people of this country trust a Minister of Finance whose party made its name by starting Canada on this downward slide of successive annual deficits, this vicious circle of endless debt? It is a bit like putting a professional safecracker in charge of a vault, and giving him the keys to boot. How can one believe a minister whose party has led this country to the brink of social and political ruin?

The minister promises us a deficit of 2 per cent of the GDP in 1997-98. The federal deficit has never been less than that since 1974, one might well point out. What is more, the Government of Quebec's deficit was already 2.4 per cent of the GDP in 1994, \$4 billion—far too high.

Quebec's deficit was still under the 2 per cent level in 1988, 1989 and 1990, but even that resulted in far too great a debt. In other words, the federal government's efforts to get its deficit down below that 2 per cent of GDP figure will still leave it far too high, given the accumulated debt to date.

This promise to get the deficit down to \$17 billion by 1997-98 comes from the mouth of a Liberal minister. When we look at his party's record on government administration for the past 25 years, we might as well kiss that promise goodbye.

Recent economic trends do not coincide with the picture painted by the Minister of Finance. After a strong increase in 1994, economic activity in Canada has been stagnating since early 1995. As Statistics Canada pointed out: "Except for increased exports, the economy remains weak. Domestic demand continues to languish for the third consecutive quarter".

The weaknesses in Canada's domestic economy are visible everywhere: business investment, housing starts and so forth. When the latest economic and financial update was presented, the finance minister also announced that he would meet his pseudo-target of a \$32.7 billion budget deficit for 1995-96 and \$24.3 billion for 1996-97. He even talks about bringing the federal deficit down to \$17 billion in 1997-98, when the next federal election is due.

The Unemployment Insurance account will show an annual surplus of about \$5 billion for 1995-96 and each subsequent year. As was pointed out by my Bloc Québécois colleagues who spoke previously, by including this surplus in its consolidated revenue fund, the federal government is in fact using it to artificially reduce its annual deficit.

Without this surplus, the actual deficit for 1995-96 would be \$37.7 billion instead of \$32.7 billion, as forecast. With \$37.7 billion, the federal deficit is not that far away from the historic highs of \$40 billion and more we saw all too frequently in the past.

To defend the minister's decision to use the surplus in the unemployment insurance account to balance the budget, the Liberals claim that in 1986 the auditor general had already

suggested including the unemployment insurance account in the federal government's revenues and expenditures.

What the Liberals failed to say is that since 1990, in other words, after the auditor general made his recommendation, the government has no longer contributed towards the financing of the unemployment insurance account which is now fully funded by employers and workers. And in that case, what justification is there for the federal government to grab a surplus that, in fact, belongs to the workers and their employers and should be used to alleviate the impact of unemployment? The government could reduce premiums and increase unemployment insurance benefits instead.

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Not so. The government is using this surplus as a source of revenue to hide the true level of its deficit and its failure to govern responsibly. The unemployment insurance account's surplus belongs to the middle class, to the workers and employers who are the heart and soul of our economy. At a time when the government is cutting assistance to the unemployed, it turns around and attacks those who still have jobs by taking even more of their hard earned money in a desperate attempt to clean up the federal government's finances.

This cowardly trick masquerades as a new tax that the average taxpayer has trouble understanding or even calculating. This looks more like another of the government's clever accounting strategies. Meanwhile, the government talks about openness and balanced budgets while it is doing everything to keep the truth from the taxpayers.

To meet its pseudo-target of \$17 billion in 1997-98, the government will make cuts totalling several billion dollars. The finance minister was not coy about his plans to cut old age security in a review already announced in the budget last February. With my party colleagues, I want to make it clear that we strenuously object to such cuts in old age security pensions. We favour other ways to fight the deficit, and I will elaborate later on.

After attacking the middle class which is already overtaxed, the Liberal government is going after those who have worked all their lives to enjoy a well earned rest in the twilight of their lives. Where is the compassion the Minister of Finance crows so much about?

The third part of this failed deficit struggle focuses on the provincial governments. The federal government is reducing its deficit at the cost of increasing provincial deficits. It is not really going at the total deficit, which continues to be borne by the same taxpayers, it is shifting it to each of the provinces.

It is the old policy of dumping on the neighbour, who in turn dumps on his neighbour, and so on. The latest budget cuts in transfers to the provinces will mean a shortfall for the provinces of \$2.5 billion in 1996-97 and of \$4.5 billion in 1997-98. The provinces will have to look for money elsewhere. Federal policies will force these same provinces to increase their deficit