

When one takes that into account, and when one considers the burden of the debt, one can see the difficulties that the government has in planning many of the measures that some of us would like to see in a fiscal situation which simply will not support new costs. Their effort in reducing the rate of increase in the spending programs is indeed commendable and something that I support.

● (1130)

The tax relief in this budget has been minimized by people opposite. That is fair game. That is the way it works. They trot out the most unattractive statistics to deal with tax relief. When I picked up my paper in Winnipeg the day after the budget was presented I was informed by the *Winnipeg Free Press* that over the next two years the people of Manitoba will be taxed \$60 million less than would otherwise be the case. That is a substantial amount in my province. While one does not claim that this is a perfect world, that reduction in the burden of personal taxes in my province is something for which my people will be grateful. To say that those tax relief measures are insignificant is to refuse to acknowledge their importance.

The small business community in my province will be much better off as well. With these measures, the small businesses in Manitoba are subject to less taxation than the small businesses in the United States. That is worth noting. That will encourage the businessmen in my province to get busy. They are pretty good at exporting. Three of them appeared on a CBC program the other day as examples of people who know how to compete in the North American market successfully. I am proud of them. The fact that the tax burden for small businesses is less in Manitoba than it is in the United States of America is commendable. I am glad that the government has made these arrangements.

I want to devote the few minutes that are left to me to dealing with the real virtues of the budget. One has to admit that what the government does, in itself and as an instrumentality, will not be the cure or answer to our situation. If we are concerned about the economy of Canada, we have to recognize that it will go up or down depending on what Canadians do with the tools that are provided for them.

I would like to make a few comments about that, dealing with monetary policy. I am quite happy to consider monetary policy. I have not always approved of everything the Bank of Canada has done. I stood up in this place not long ago and said that the Bank of Canada ought to declare victory in the war on inflation and get on with other things, and I do not retreat from those remarks. After having inflation at 1.7 per cent for the last six months of 1991, the lowest of any country in the G-7, we can consider that we have inflation under control. The Bank of Canada has perhaps been overemphasizing that part of its responsibilities. I think it has, and that it can now turn to other things.

What are the results of this low inflation? Not only does it place us in a better competitive position with respect to the United States, but in a better position with respect to our entire trading world, including Japan and Europe. Everyone is

included in this situation. The low inflation rate in Canada will prove to be one of the solid assets we have in reconstructing the economy of this country. It has to be reconstructed because we know that the system of doing business in Canada, or in any country in this world, is no longer the same as it was. One of our great traumas now is the process of readjusting ourselves to a new world and new economic situation on this continent and throughout the world. Having a 1.7 per cent inflation rate will stand us in good stead.

Something else has happened in connection with monetary policy which has escaped the notice of my honourable friend, and that is that interest rates have come down dramatically. I hope they will come down more. It means a \$3 billion reduction on the interest bill for the Government of Canada. What does it mean for ordinary people? What does it mean to people who have mortgages? What does it mean to businesses that are trying to borrow money to run their affairs? It means that one of their most important costs is now under better control than it has been for a long time. That is the good news.

Take as an example a person who has a five-year, \$75,000 mortgage on his house amortized over 25 years. His interest charge has gone down from about \$900 a month to about \$650, a saving of about 25 per cent. You will find the same degree of saving in loans of small businesses. Incidentally, there is a measure in here about treating business interest with the same tax base as dividends, which will be very helpful to small business.

Declining interest rates will work their way through the economy in a dramatic way if we give it a little time. When you conceive that government is saving \$3 billion in its debt, which God knows is large enough, how much will be saved by all the other people who have debts which exceed government debt? There will be a most substantial savings in respect of interest rates.

That is the kind of thing that will get the economy going. Tax reductions are fine, I am all for them, but if you want to get the economy going you have to get the private sector going. You do that with low inflation and lower interest rates. These rate reductions are dramatic and significant. They are showing up on the profit and loss statement of every company in the country. They are also showing up on the profit and loss statements of private individuals who have mortgages and other debts to pay.

This is a monetary policy item which my friend thinks has not received sufficient emphasis. I agree with him and I want to emphasize it in the house today.

The other question of monetary policy, about which I do not intend to be quite so boisterous, is the value of the Canadian dollar. I agree with those who think that that is a very significant factor in our export activities. I am relieved to know, therefore, that the Canadian dollar has come down from a little under 89 cents to around 84.5 cents. That is a substantial decrease. I hope that it will continue.

When we consider that the inflation rate is down, the interest rate is down, and the Canadian dollar is down, we