

The Budget

What he did say was: "You people who have done the job right the last few years in the provinces, now you take on the burden of trying to pay for what I was unable to pay for."

The people are being punished in the provinces because they kept their house in order or they got it into order. One only has to listen to the reaction of the provinces, including my province of New Brunswick where tough decisions were taken. Difficult decisions were made and the budget was balanced. Along comes the Minister of Finance and says: "No, we are going to hit you with these kinds of reductions and we will put you in the same kind of mess that we got ourselves into."

[*Translation*]

In his economic statement in November 1984, the Minister of Finance warned that if the government did not take action, if it merely pursued the policies implemented by the previous government, government spending would reach a new record high of \$137 billion by 1990. The minister was terrified of this possibility. He said it would be irresponsible, and he suggested solutions to remedy the situation, Madam Speaker. Some solution!

In 1984 during his first year as Finance Minister, the government spent \$109 billion. Yesterday's Budget sets total government spending in 1990-91 at \$148 billion, an increase of \$39 billion since 1984, and \$11 billion more than the figure the minister found absolutely unacceptable when he came to power.

[*English*]

The minister says that when we talk about these things that we should subtract interest payments. We should not consider those when we compare his record on spending. I wonder why we should do that. I thought, and I think most Canadians understand, that governments have to pay interest on their debt the same as we do.

The reason the minister does not want to talk about interest charges on the debt and interest rates should be obvious. It is because he knows that high interest rates that he caused are at the root of the deficit and the budgetary problem.

Consensus is very important. The Prime Minister talks about it all the time. Mind you he has forged some wicked consensus in this country recently. He has 80 per

cent of Canadians against the goods and services tax. He has the premiers of the 10 provinces against the goods and services tax. Now he has got all the premiers of the provinces and all the finance ministers and the treasurers of the province against his budget. He is succeeding, but I am not sure it is quite what he set out to do.

Believing in consensus, the Conservatives who are members of the Standing Committee on Finance, members of the New Democratic Party and ourselves agreed unanimously last spring in committee to recommend to the Minister of Finance and the government that interest rates be reduced. Everybody was in agreement. The premiers came to Ottawa and said the same thing but the finance minister and the Governor of the Bank of Canada said no. He refused to listen to his own colleagues as now he refuses to listen to Canadians. The minister's budget shows clearly that the government's problem is not only with the debt itself. It is the interest rates being charged on the debt. The minister's numbers clearly show that the Canadian government's debt is actually smaller than the U.S. government's debt in relation to the size of the economy. Yet, the Americans are surviving very nicely with substantially lower interest rates.

The difference and the reason for the pain is that Canadians are going to have to pay interest rates on our debt that are 4 per cent to 5 per cent higher than what the American government and American taxpayers are paying. Of course, these high interest rates leave the federal government with less money to spend on national priorities, if in fact they are national priorities for the government, such as health care, education, day care, the environment, and I could go on.

The Minister of Finance and the Prime Minister say they support high interest rates because it is right for Canada. They say we need to get the deficit down so that interest rates will come down. Has the Bank of Canada Governor, Mr. Crow, ever said that he would move interest rates down if the deficit was reduced? What he has said over and over again is that interest rates will remain high until we reach what he calls price stability.

Mr. Crow has said many times that inflation is the single most important barometer for setting interest rates. Let us take a look at this situation, Madam Speaker.