

with regard to agricultural insurance, with the money being raised by special levies or taxes. Another exclusion refers to expenditures made as a direct result of an emergency.

The legislation does limit the government's ability to budget in a counter-cyclical way to offset through its expenditure and taxation programs the effects both of recession and of an overheated economy. The bill in fact would leave the operation of the unemployment insurance program as the government's chief counter-cyclical tool.

In the report I referred to earlier in my remarks, the committee quotes Professor Douglas Hartle of the University of Toronto as follows in paragraph 75:

Professor Hartle, on the other hand, while recognizing the need for spending restraint, views the controls program as little more than a public relations exercise. He concludes that the federal government's forecasts for future deficits are contingent upon declining interest rates, more so than program spending controls.

The report goes on to say:

According to Douglas Hartle, current tight fiscal and monetary policies have had perverse effects on the deficit by pushing up interest rates. This has increased the deficit directly and indirectly by hindering the recovery. Moreover, the proposed legislation does not guarantee lower deficits because such a result depends crucially on lower interest rates. These views are clearly in contrast to that of the federal government which sees fiscal and economic problems stemming mainly from the large federal deficit and debt by controlling that fiscal imbalance. Real interest rates should fall and economic activity expand.

We have seen interest rates falling over the past months, but so far we have seen little or no economic expansion. In fact, in spite of lower interest rates, the government's deficit is likely to increase this year due to lower government revenues and higher expenditures because of the recession this government's policies have helped create.

Another point is that this legislation does not exclude from its coverage, its restraints, its limitations, programs like the old age pension or the family allowance, unlike its American counterpart.

What happens under this bill if the government's forecasts about the amount required for the old age pension is wrong? What happens if more of the population becomes older and lives longer than forecast, creating greater need for expenditures under the Old Age Security program? Is the Conservative government saying in this bill it will cut back on the old age pension

even if there are older Canadians who expect and need these payments? If it does not do this, what other programs will it cut back on instead? Air traffic control, inspection to ensure the safety of our food products, or exactly what?

The Leader of the Opposition in recent speeches set out five principles that would guide a future Liberal government. He spoke of restoring Canada's industrial strength, ensuring a fair tax system, creating comprehensive and creative adjustment policies, ensuring balanced economic growth and also being a truly fiscally responsible government.

• (1050)

In referring to figures from the Auditor General that from 1984 to 1991 the federal government mismanaged at least \$23 billion, the Leader of the Opposition said a Liberal government, and I quote: "will scrutinize every single line item of spending. We will use it only to do the things which government can and should do".

Liberals are concerned about issues of government expenditure and deficits. However, as I said when I began these remarks, this proposal, this bill before the House, is really nothing more than cosmetic. It simply puts into legislative form what this government should be doing anyway, and that is working to live within its own budgetary projections.

I want to point out to those Canadians concerned about government expenditure and government activities that this bill does nothing to address those concerns, the concerns of Canadians about this government's waste, about this government's excessive taxes. In short, the government is proposing legislation to do what it already has the authority to do. The proposal is simply an attempt by this Conservative government to hoodwink Canadians into thinking that it is finally coming to grips with the negative effects of its own economic incompetence and mismanagement.

It is time for a government that is truly fiscally responsible, one that produces more than cosmetic measures, above all, one that does not slow down and damage the economy through its measures, one that takes into account the desire of Canadians for jobs, the fact that there are 1.5 million Canadians who are out of work. This government ignores these Canadians and the businesses that have shut down and want more than