

Government Orders

The other concern I have is that the government has an aversion to what I call the what ifs or the realities of the future. That aversion to dealing with the realities was demonstrated very vividly when the Prime Minister failed to deal with the consequences of separation and make sure that the people in Quebec understood the what if you decide to leave this great country of ours. The same scenario could develop here in dealing with the next budget. What if the economy has a downturn? We know a downturn is coming, it is only a matter of when. We are not prepared for that.

• (1940)

What if there is an increase in interest rates that we cannot control? A lot of Canadians think that we control the interest rates. We do not. Because of this huge debt our interest rates are dictated by the people to whom we owe this huge amount of money. What about an increase in interest rates? It has a dramatic effect on our ability to meet the interest payments.

And of course there is the third what if out there which is a very real one: the next referendum. Are we prepared to deal with the consequences of the next referendum?

The third budget which is coming is the most critical of any budget that has been brought into the House. Unfortunately, we wasted the first year. The first budget that was brought down did not deal with the problem. We were told: "Do not worry, be happy. It is not serious".

Precious little was done in the second budget. Largely because of the Reform Party we did move the finance minister to acknowledge that it was a serious problem and that it might be life threatening and something must be done about it. He was beginning to make the association between this high level of government spending and interest rates with job creation. He finally made the connection.

The thing that always amazed me about that second budget was that the finance minister did not take advantage of using a reduction in the pensions of members of Parliament to be the jewel, to show the people of Canada that the government understood the problem and was prepared to deal with it by showing leadership by example. I suggest it was not in the budget because the budget did not deal with realities. Certainly, the changes that were made to the pension plan did not deal with the reality of our financial situation.

I remind the Prime Minister again of the message that came from Moody's prior to the second budget. Moody's told the finance minister in advance of the budget that it had some concerns it wanted to share with him. He could ignore those concerns but Moody's felt obligated to bring them to his attention. Of course those concerns were that the target of 3 per cent GDP was far too low. It was easy and was not a challenge. The second part of the message was that Moody's wanted a date for the zero target. It wanted a commitment from the finance

minister that he was serious about the problem and that he would get to a balanced budget.

Moody's is not Liberal. It is not Conservative and it is not Reform. It was doing us a favour by issuing that warning. It was issued to the finance minister to be ignored at his peril. He chose to ignore it in the budget and we were downgraded. The consequences of that downgrade can come home to roost in a very big way.

Let me also share with the House something that was said by the chamber of commerce in a letter signed by the president and chairman of the board. It was written to all members of Parliament and senators, again in advance of the second budget. I quote from the letter: "The finance minister's promise to meet his target of a deficit that is 3 per cent of GDP by 1996-97 is simply not good enough. The deficit must be reduced to zero by 1997-98. The consequences of the government not following through on this are unthinkable". That was as a result of a survey of 6,000 entrepreneurs, businessmen who day after day put their money where their mouths are and create jobs.

Let me also share with you the voices of the people from Simcoe Centre. In my spring 1995 householder I asked: Do you think the finance minister went far enough with cuts in his second budget? There were 1,645 constituents who responded to that questionnaire. Seventy-nine per cent said no, the finance minister did not go far enough. The message is that the people understand the problem and are ready for the consequences of dealing with it.

I am also pleased to say that Reformers did something in the House that has never been done before. We offered the government constructive criticism in the form of our taxpayers' budget. We presented a budget in the House in advance of the finance minister's budget. It outlined by department and in dollars how we could balance the books in three years with no new or increased taxes and by reducing spending only. It can be done.

• (1945)

These were fair cuts. These were cuts which were going to be made right across the board. Of course the cuts cannot be made in any one area, it is not any one area which has contributed to the problem we are facing today.

However, the focus from the government has been that we are going to attack the social programs. That was not the case. We were going to have to get into the social programs because they represent such a huge part of the total spending envelope. Going back to 1970, we were spending \$6.6 billion. In 1990 that had ballooned to \$60 billion. In 1995 it has gone from \$60 billion to \$75 billion. I do not recall people lying in the streets in 1970. I do not recall it in 1990. To suggest that by taking \$15 billion out of that envelope to return us to the 1990 level will destroy social programs is absurd in the extreme.