

Supply

reduction in two ways. Obviously the less we have to borrow, the less we have to tax to repay the loan and its interest.

There is another important dimension to this process. Controlling government's appetite for debt is our fundamental tool for getting interest rates back down. Lower interest rates mean lower carrying costs on our \$500 billion debt. Again that means fewer tax dollars that we need to spend.

I understand the tax fatigue that so many Canadians feel. I can appreciate that some may be cynical about the possibility of measures that add to tax revenues today in order to let us cut taxes in future.

That is why the 1994 budget undertook a program of net spending reduction over three years that is the most significant of any budget in a decade. Over 80 per cent of the net fiscal improvement delivered by the 1994 budget over three years came from spending cuts.

In other words, there was \$5 in spending cuts for every dollar of new revenue increase. Obviously I am not in a position to talk about the measures that will be set out in the forthcoming budget, but the Minister of Finance has already made it clear that he will rely overwhelmingly on spending cuts to achieve his fiscal targets.

• (1350)

Lower taxes are important and this government is committed to working toward that. In the process we cannot ignore the facts. The views expressed by the opposition on the issue of taxation appear to be partly driven by a belief that Canadians bear one of the highest tax burdens in the world, but there is more political grandstanding than truth in that particular perception.

The Canadian tax foundation, a highly respected non-profit, non-partisan research organization, has recently made this clear. Among the 24 members of the OECD, an organization that includes most of the world's advanced industrial economies, Canada ranks 14th in total tax burden. That represents 36.5 per cent of our gross domestic product compared with the OECD average of 38.8 per cent.

I say to my friend from Wild Rose, if he heard the first part of my speech, yes it is a matter of concern. If the hon. member is going to vent his concern based on facts rather than fantasies he should first get at the facts. Among the 24 countries we are 14th in total tax burden.

Mr. Abbott: Who do we compete with? The U.S. is 29 per cent.

Mr. Simmons: Madam Speaker, they have to be given an opportunity to vent in a way they never can in caucus. We might as well let them do it here.

I would never dare be smug about Canada's tax burden. It should be clear by now that I am not endorsing high taxes. We have to face reality squarely which I believe supporters of this motion are failing to do.

When they make comparisons of Canada's tax burden it is typically vis-à-vis the United States. As much as I want lower taxes I have to point out that there are some flaws in that particular comparison with the United States. Contrary to what some hon. members would have us believe, lower taxes in the U.S. do not come without a cost, a financial cost and a human cost.

Take the example of medicare. Medical insurance represents a very substantial cost for millions of Americans and their employers. For the tens of millions without insurance a serious illness can spell personal and financial ruin. If members want to make the comparison between Canadians and Americans, what they ought to do in fairness is either when they are making comparisons deduct the taxes in respect of which we pay for medicare or alternately when they look at the American tax total add in the medical care costs which are hidden in the sense that they are not tax dollars, they are funded elsewhere but represent a cost on the pocket nevertheless.

They are comparing apples and oranges. Either compare the American and Canadian system with medicare written in or with medicare written out. They will find that they do not have such a tax holiday as my good friend would like to suggest.

The point I am making is twofold. First, we have to avoid making comparisons that are simplistic and specious and I would go so far as to say dishonest because they compare apples and oranges. Second, we have to realize that while the opposition's position on taxes sounds a lot like a call for motherhood, it is about a lot more than taxes. It is about the kind of government, the kind of society that we want in Canada.

I can tell the House how to reduce taxes, bring them way down. Sock it to all the poor people, sock it to all the disadvantaged, do away with our medicare system and so on. There is a way to get ever lower taxes. Low taxation, small government versus big government are not objectives in themselves. None of these is an objective in itself. What they do for society ought to be the objective, what they accomplish.

If we are going to go to the extreme of having small government for the sake of small government, I can tell the House how we can make it really small. Let us have no government at all, none.

I take it you have all written in to forfeit your pensions.