

*Oral Questions*

We have gone some distance particularly as a result of the meeting of finance ministers held in December and again the two-day meeting we had just a week or so ago.

I do not think there is any question in anyone's mind that deficit and debt are clearly the major challenges we face as a government. I do not think there is any doubt in anyone's mind that we have to deal with this issue in a co-operative fashion.

In regard to that, we have agreed on a work plan over the summer to carry out a number of initiatives which will look at the whole cost of government, how we might reduce duplication and overlap, how we might streamline and increase the efficiency of government both at the federal and provincial levels. Of course the municipal level would also be taken into consideration. There may be some scope for the hon. member's suggestion.

**Mr. Douglas Young (Acadie—Bathurst):** Madam Speaker, the taxpayer who gets the bill in the mail does not really care what level of government it comes from.

There may be significant changes in the status of a number of people on the other side after the weekend. Does the Minister of Finance agree there has to be a consensus on how we resolve this matter? Should the Government of Canada not show some leadership in getting the municipalities and the provinces on line in managing both the deficit and the debt?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I agree with the hon. member there is only one taxpayer.

That is something we identified quite some time ago and is why it is important for all levels of government to face the challenge squarely of dealing with the deficit and the debt.

I submit to the hon. member that we are showing leadership. We convened the meeting. We are showing initiative. We took some steps in the constitutional debate to put in place a process in which we could have better co-ordination of our budgetary process while working more closely with the provinces.

That process is under way. The work plan has been established and there is agreement between the two levels of government to work toward achieving that goal. I think the results of the reduction in the deficit from 8.8 per cent of GDP in 1992-1993 to 7.2 per cent in

1993-1994 is a pretty clear indication of the results of that effort.

**Mr. Nelson A. Riis (Kamloops):** Madam Speaker, speaking of the debt issue, the Minister of Finance must have been quite surprised this morning to read from the Moody's Investor Services that the Canadian government seems to have dramatically over-estimated and in some cases perhaps even deliberately heightened the fear of a possible debt crisis in this country.

It would appear that the Government of Canada is using the threat of financial chaos to win support for some ideological vision of the country which encourages them to remove and reduce support for social programs.

My question is for the Minister of Finance. Considering that late yesterday the Minister of the Environment, one of the leadership candidates, indicated that he would cut \$8 billion in the transfers of the provinces and in light of the news today from Moody's Investor Services, is it not time for this government to stop offloading on to provincial jurisdictions?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Madam Speaker, it is rather incredible how the New Democratic Party can twist and turn and mislead with something that is pretty clearly stated in a statement issued by Moody's. It said "several recently published reports have grossly exaggerated Canada's fiscal debt position. Some of them have double-counted numbers while others have made inappropriate international comparisons, comparing Canadian gross debt to other countries' net debt. These inaccurate measurements may have played a role in exaggerating evaluations".

It did not mention that the Government of Canada was deliberately misleading or overstating the debt.

• (1440)

It goes on to say the issue of the deficit and the debt is a great concern, acknowledging that the federal government has a plan to reduce the deficit, has acknowledged as well that the provinces have brought in very tough budgets to deal with the deficits. One of the representatives of Moody's went on to say: "Investors will lose confidence in Canadian bonds if governments do not begin to reduce both the federal and provincial deficit". It clearly outlines the importance of dealing with the