

*The Budget—Mr. Wilson*

**Some Hon. Members:** Hear, hear!

**Mr. Wilson (Etobicoke Centre):** There is now a new urgency to the challenge. In response to rising inflationary pressures in Canada and abroad, short-term interest rates have risen. They will be much higher this year than was widely expected by most commentators even a few months ago.

If we do not act now, we will face a growing danger of higher inflation and even higher interest rates. This could lead to a severe recession. At the same time, the projected cost of paying the interest on the debt has risen by more than \$6 billion this year. This interest cost alone will be \$39 billion. That is more than we spend in total on health care, family allowances, old age security and social assistance.

What is at stake here is nothing less than our capacity as a Government and as a nation to maintain the high standard of living and quality of life that Canadians expect.

[*Translation*]

If we want to protect and improve our standard of living and quality of life, we must adopt firm, balanced and coherent financial and monetary policies which will help us continue the process aimed at lowering inflation and interest rates and prevent them from going up again; we must adopt realistic and balanced policies which carefully strike a proper balance between short term dangers and long term objectives.

[*English*]

The decisive debt control actions in this Budget are essential to the achievement of the right policy balance now and in the years to come.

The budget measures that I am proposing, and which are set out in detail in the documents that I will be tabling, include a wide range of reductions in government spending and measures to increase revenues. In addition, fundamental economic strength and revenue stability will be enhanced through reform of the federal sales tax.

Major reductions in program spending have been achieved. When fully implemented, these will total about \$2.5 billion a year. These measures build on the expenditure restraint actions undertaken since 1984. As a result, program spending has declined from 19.5 per cent of our national income just five years ago to 16 per cent this year. In 1993-94, it will fall further to just over 15 per cent. Mr. Speaker, that is the lowest level it will have been in a quarter century.

Our debt control actions, both expenditure reductions and revenue increases, will total more than \$5 billion this year and \$9 billion next year. This will offset most of the increase in interest costs this year and reduce the annual deficit to \$30.5 billion. Next year, it will be reduced to \$28 billion.

The debt-to-GDP ratio will stabilize next year. This means that the public debt will stop growing faster than the economy for the first time since the mid 1970s.

**Some Hon. Members:** Hear, hear!

**Mr. Wilson (Etobicoke Centre):** By 1993-94, the deficit will be cut in half to \$15 billion.

**Some Hon. Members:** Hear, hear!

• (1750)

[*Translation*]

**Mr. Wilson (Etobicoke Centre):** The decisive actions announced in the budget are essential to the achievement of a necessary balance between our budgetary and monetary policies to ease inflationary pressures, create a margin for interest rate reductions and maintain economic growth.

[*English*]

As the deficit continues to go down, the debt will shrink as a proportion of our national income. Interest costs will take less of every revenue dollar. This will restore the flexibility that we need to continue to maintain the programs that Canadians value, and to build a better future for our children and for our grandchildren.

**Some Hon. Members:** Hear, hear!

**Mr. Wilson (Etobicoke Centre):** More important than any numbers that we can cite, we will have a Canada that is continuing on course for a rising standard of living and better quality of life to pass on to the next generation, a Canada that is building for the future, not borrowing from it. That is our responsibility as a Government. That is surely our goal as Canadians.

Four years ago we brought forward a plan to build a better future for Canada. We knew that to stay on that course would require a sustained national effort. Together we have made great progress. Our future success will depend on the will of the Government to continue making tough choices and on the understanding and commitment of Canadians to join in building a stronger Canada. That is what the policies in this Budget are all about.