

The Budget

do not believe the minister will deliver on this prediction any more than he has in the past. Interest rates are not at 10 per cent, they are over 13 per cent, the Bank of Canada rate that is.

Not many people believe that he will be able to get the interest rates down to 11 per cent. They do not accept the minister's prediction that interest rates will fall 2.5 per cent to 3 per cent in the next six months. It just does not appear to be in the cards.

What does that mean for Canadians? Probably, that next year we will be hearing a Conservative minister of finance saying: "Oops! sorry, I goofed again, the deficit is not going down. We are still in trouble". But the Minister of Finance next year will be able to say: "It's not my fault, it is my predecessor's fault".

An hon. member: That is what he will say.

Mr. Young (Gloucester): Yesterday in the budget speech the minister spoke glowingly of his record on deficit reduction. Let us look at that for a moment.

The deficit in 1987-88 stood at \$28.1 billion. In 1988-89, it was \$28.7 billion. This year it will be \$30.5 billion. Now that is going down in Conservative ways of considering these things. The government has increased the deficit in the last two years, not reduced it. Those are the facts. This dismal record was achieved when the economy was still growing. Tax incomes were increased by the Conservative government in an unprecedented way. Now the minister says that next year the deficit will be \$28.5 billion. That is still higher than it was two years ago. But he says: "Don't worry, we have it under control".

The minister's record does not reflect the promises he made to Canadians when he came to office more than five years ago. The minister often refers to the fiscal plan he set out in November 1984 and that he reflected in his first budget in 1985. The minister said in this House in his budget speech in 1985— one of the problems of being around for a long time is that a lot of these things come back to haunt you—and I quote: "Our actions will directly reduce the annual deficit at the end of the decade by more than \$20 billion to \$17 billion".

An hon. member: Which decade?

Mr. Young (Gloucester): Well, that is the problem. Which decade? Which deficit? And by how much? It is clear the minister has failed to solve the deficit problem after five years. Now the minister has another plan and he hopes this one works better than the last one because he is going to switch his deficit nightmare onto the backs of the provinces. Let us raise their deficits instead, and maybe just in passing, let us foist this very, very thorny problem onto the backs of those nasty premiers who will not collect the GST for him when he wants them to do it.

Canadians have to understand what was said yesterday about taxation in this budget. We have had new taxes and we have the GST coming down the pipe. The minister said: "There will be no new taxes in this budget." Canadians were very quick to respond. They know that there will be taxes that are directly the result of what the minister presented to the House yesterday. Provinces and municipalities from coast to coast will have to deal with the reality of what the minister presented yesterday.

• (1610)

In Newfoundland the tax increase per taxpayer, if services are kept at the same level, will be \$695 a year per taxpayer.

[Translation]

Madam Speaker, in the province of Quebec, each taxpayer will have to pay \$582 more because of the Budget tabled in the House yesterday.

[English]

In Alberta it will be \$592 per taxpayer. Across the country an average of \$576 will have to be paid by taxpayers to make up for the cuts announced yesterday by the Minister of Finance in transfers to the provinces. For the minister to tell us that he has followed "a sustained deficit reduction plan", that this plan is working and that all the country needs is more of the same is absolute insanity. Heaven help us if this continues.

The last thing we need from this government is more of the same policies which have brought us higher inflation, higher unemployment, higher taxes and higher deficits. The minister could have told Canadians the truth. He could have said: "I have failed. My policies were wrong. The government has lost control of the fiscal situation."