

Government Orders

The budget has failed on all counts.

• (1145)

The challenge of deficit elimination has not been faced. The fundamental choices Canadians demanded have not been made. A new course towards fiscal responsibility has not been charted, and this budget has not been fair, as the minister claimed.

Canadians are not looking for another Michael Wilson or Don Mazankowski, both of whom drifted from deficit to deficit. They are looking for decisive action to bring our nation's finances back into balance. I hope this finance minister will show more decisiveness next year than he has this year. The window for opportunity is quickly closing.

I am very pleased that the Reform Party has presented an alternative budget, which the Liberal Party has been invited to review, to copy and to use.

[Translation]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, in the months before this budget was brought down, the Minister of Finance appeared before the finance committee and made a number of statements, some of which were reported on television. One of them was the following, and I quote: "The total debt of Canada's public sector has now reached 100 per cent of the gross domestic product. The interest alone on this debt exceeded \$56 billion last year, close to \$39 billion of which were paid by the federal government. This amount may well top \$44 billion this year. We have reached the point where the interest on the debt is growing faster than the economy. We are in debt over our heads and this cannot go on. The situation is untenable from the point of view of the laws of the financial market and equally untenable under the laws of compound interest".

To conclude in the words of the minister: "It is as if our country were trying to go up the down escalator". We have all seen young boys trying to do this in the subway. They manage quite nicely, but for the average person, it is not easy. I again quote the minister: "The problem is so monumental that we can no longer rely on economic growth for a solution. Why not? Because the deficit itself is dragging down growth. As long as it goes unchecked, too many investments will be stalled at the planning stage, interest rates will remain high, the rate of employment will go down, and future generations will pay the price".

Canada's debt has become so large that the Canadian government is now in the position of having to borrow billions of dollars annually to pay the interest on it. It is no different than the average person who owes the bank money and who, every year, has to go deeper into debt just to pay the interest charges. Clearly, it is a vicious circle.

Canada's debt, which was \$90 billion in 1980, will be \$548 billion as at March 31, 1995, and it will keep climbing. In 15 years there has been a 509 per cent increase. We know perfectly well that no ordinary citizen would be able to handle an increase in debt of this magnitude, just as we know that there is no company that could either, without soon falling into bankruptcy, and we are equally well aware that countries are no different. In January 1995, the *Wall Street Journal*, one of the most prestigious newspapers in New York, mentioned that Canada had now gained third-world-country status in terms of its debt, and even indicated that there was a real possibility that it might go bankrupt.

The minister gave us an idea of what that meant, in a document entitled *Creating a Healthy Fiscal Climate*, which he released in October 1994. In his presentation, the minister said that a powerful thrust of the debt is firmly anchored in the Canadian economy and is hard to correct. As deficits keep accumulating, interest costs also increase, thus perpetuating the vicious circle. The deficits which result from the interest charges on the current debt contribute to increasing that debt, which continues to grow. For several years now, the Canadian economy has not been strong enough to make revenues grow quickly enough to compensate for the rapid increase in interest charges and, as the minister said, it is not expected that this trend will change in the predictable future.

Following this analysis, the minister tabled a budget which seeks to bring the deficit back to 3 per cent of the gross domestic product, by 1996-97, which means that the deficit would go down from 39.7 to 25 billion dollars. In order to reach that target, the minister intends to make cuts of about \$13.4 billion, over the next two years.

• (1150)

What does a budget such as this one tell us? First, it tells ordinary Canadians that the national debt increased, but in an abstract manner.

Indeed, for ordinary citizens, a debt of 200, 300 or 500 billion dollars is something abstract if they do not feel it in their pocket book. However, the major change with this budget is that things will now become very concrete. Canadians will start paying off that debt. Massive cuts are anticipated, including in the UI, welfare and health care programs, and students will have to get into debt to go to school.

This morning the hon. member sitting next to me even mentioned that old age pensions are now in jeopardy, this just after the government announced—and this is no laughing matter—a substantial increase of \$0.78 per month, which is not even enough to buy a coffee.

The second conclusion to be drawn from this budget is that, regardless of what we do, as the minister himself told us, the debt will continue to rise. Consequently, the budget cuts which