

*The Budget*

hopeful, drawn out recovery; we hope we will get the books in balance.

Suppose someone were in a life threatening situation and the doctor said: "We can give you pills for the next five years and you might recover but the alternative is major surgery and you can be restored to health very quickly and get on with the healing process". Why would he take a chance?

Why would we gamble our future on the uncertainties of the marketplace, of interest rates? We do not seem to have anything in this budget to prepare for the eventual downturn in the economy that will come. It is not a question of if it is going to come, it is going to come. It is a question of when it is going to come.

There are some dark clouds on the horizon. Even south of the border, the situation in the United States could deteriorate and it would have a grave effect on the economy right here in Canada. We know that and we are not preparing for that in this budget. Time is running out. We do not have unlimited time. Unfortunately, that message is not getting through and has not been reflected by the government.

I was interested in the remarks of the Secretary of State for Training and Youth. She spoke about the New Zealand experience, how New Zealand realized the magnitude of its problem and did something about it. New Zealand's debt was at 50 per cent of its GDP when it realized its problem. Ours is currently about 70 or 71 per cent of GDP and we still are not facing the realities and doing the major surgery which needs to be done.

The claim in the first budget was that the government did not have enough time, that it had just taken over. The present government had been in opposition for eight years. What was happening in those eight years? What was happening in those eight years is that those members were adding to the problem in opposing any attempts to bring the deficit and the debt under control. I very well recall the UI debate when there was an attempt to reduce costs. The protest came from the other side at the attempt to reduce spending.

Here we have a budget. We had no plan to get us to zero or to balance the books in the first budget. We still do not have a plan with this budget. There is no fixed date to arrive at what we must arrive at, which is a balanced budget.

We have lost our credibility with the markets in this budget because we did not do anything about the MP pension plan. We had to do something to restore our credibility because it is low. That would have said very loudly and very clearly to the markets and to the Canadian people that yes, the government is serious about the problem and it is showing leadership by example. It failed to do that. Canadians did not miss that message, nor in

fact did our lenders. Our lenders have spotted the fact that we were not serious about the problem we face.

There are three ways to get the books in balance. We can raise taxes. We can hope for growth in the economy. Or we can cut spending.

Raising taxes, I would suggest, is no longer an option. The Canadian people have revolted and said that they are taxed to the limit. Raising taxes at this point becomes counterproductive because it fuels the underground economy that is there and is growing.

We can hope for growth in the economy, but we do not control that. That has been the problem for the last 25 years. We projected growth in the economy and at the end of the year it was said: "Oh gee, it is too bad it was not there. We are deeper in debt". We do not control that.

The one thing we do control, the one thing we can do to get our books in balance is to cut spending. We have absolute control there and it is where we should be targeting our efforts. This budget does not do that. It makes some scrapes when indeed it should be making cuts in spending.

We have had 20 years of raising taxes. Those 20 years of raising taxes have achieved the exact opposite. The deficit has grown and the debt has grown. There is absolutely no justification for any tax increase. It does exactly the opposite to what it is hoped to achieve. It is a job killer. It kills the economy.

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That there can be no pain is not reality. When we have lived for so many years beyond our means, there has to be some pain. We cannot escape that. The Canadian people understand and are ready for that. The problem is many in this place do not understand that but the Canadian people are ready for it.

We just have to look at the results of the surveys done since the budget came out. The Canadian people supported the move the government made but said they were looking for more. Those same surveys said there should be more cuts and those cuts should be made now because time is running out. We do not have unlimited time.

The tough action we have been taking on the east coast with the fishing problem is interesting. Overfishing is just like overspending. Fish are limited and dollars are limited. There is a bottom to the barrel. We are getting tough on fishing but we have not yet got the message on spending. We still think we can keep on spending. We can kill an industry or we can kill a country. We can kill an industry by overfishing; we can kill a country by overspending.

Moody's fired a shot across our bow and we missed the message. It fired a shot across our bow just as we did to that Spanish fishing vessel. The message Moody's shot across our