

The Budget

The debt to GDP ratio, the size of the debt relative to the economy, begins to decline in 1996-97. The cartoon many of us saw was very appropriate. It was of Canada moving along the road, suddenly hitting something called the Martin budget and making a significant turn in the road. The budget represents a significant turn in the road. We are now on the path to getting out of the deficit and debt spiral we have put ourselves in for too long as a country.

For every dollar in new tax revenues \$7 in expenditure reductions were made. That is the kind of downsizing Canadians are looking for from government.

To those who say that the budget was too tough, I say reflect on the debt load of the country. We do not want to see a collapse of our social programs. The cuts that were undertaken are necessary to ensure the social programs put in place by past Liberal governments, with I acknowledge many ideas coming from the NDP, will be preserved.

• (1050)

To those who say the budget was not tough enough, I say consider the reduced spending, the downsizing of government and the hitting of our targets. Indeed it was a job well done. Seventy per cent of Canadians support the budget. That is the reality.

I know it is not politically popular in certain parts of the House to acknowledge that fact. I understand that, but the reality is that it has been a widely accepted budget. It is one that Canadians can look forward to seeing repeated in years to come by the minister and the government.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I always enjoy hearing the hon. member for London—Middlesex talk about fairness in the country and in the budget. I remind him that during the election the government promised to keep article XI of the GATT negotiations. It had to break that promise. Fairness is fairness; it could not do much about it.

In the federal budget the government announced a three-year withdrawal of funding for genetic evaluation and milk recording programs because they were contrary to GATT. It seems to me the same week the U.S. government announced an additional \$600 million of funding toward these programs. Is that fairness? Is that the type of protection the government is to give its dairy farmers?

I know we do not need subsidies, but surely to goodness there should be some fairness. Or, are government members trying to make sure they have a good supply of chocolate milk from the president? We could be running short of fairness and I am wondering how he would justify it.

Mr. O'Brien: Mr. Speaker, I appreciate the question from my colleague.

On article XI, 20 per cent of my constituents are agricultural people in rural settings. As the hon. member well knows, one of the first issues the government dealt with was article XI. My constituents and I submit that most Canadian farmers understand, as the member said, we could not do much about it. Canada stood alone and voted to maintain article XI. I do not know what else the government could have done than to stand alone, virtually totally alone in the world on something that important.

For my colleague's information, my riding of London—Middlesex in southwestern Ontario is one of the most active dairy farming parts of Canada. Before the budget the concern brought to me was that the government would somehow give into pressure and suddenly totally end dairy subsidies.

Frankly as late as last week some leading dairy farmers in my riding advised me that the 15 per cent cut followed by an additional 15 per cent cut was the kind of gradual, common sense reduction that would allow them to adjust. They were relieved that the government had the common sense not to suddenly end the subsidy because there were those calling for it.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member said that he was proud of the government's budget, that he was proud it met the deficit target for the first year, and that the budget must be balanced slowly.

If the budget must be balanced slowly, how will the government explain to Canadians in two years when interest payments will have increased from \$39 billion a year to \$51 billion?

The member for Broadview—Greenwood asked the question a few minutes ago. What will we do when Canada faces federal government interest payments of \$50 billion to \$60 billion a year? His answer was that we would hold a world meeting like the one held after the second world war to deal with the problem.

• (1055)

Does the hon. member think the problem should be dealt with in a world meeting which may or may not happen? Or, should we face the reality of government overspending and deal with the problem in Canada by setting a definite target for deficit elimination, complete elimination, and meeting it, not just reducing the deficit?

Mr. O'Brien: Mr. Speaker, the question is whether we should concentrate on the problems here or have a world meeting. The answer is pretty easy and obvious. Of course we should do both. Canada does not stand alone in the world. No country, not even the greatest economic giants, can isolate itself from the global world situation.