

Government Orders

• (1230)

The reality is that none of them work unless there is a will and an understanding of fiscal restraint and accountability among the people involved in decision making, and we have not seen that in this government.

The government is quick to say it had to do something because it has this mounting debt problem. There is no doubt that we now have, thanks to Liberal and Conservative governments, a very difficult debt problem.

We know that an analysis has been done as to what has caused the debt problem. Statistics Canada pointed out that 44 per cent was caused by tax loopholes and tax concessions to large corporations, that 50 per cent was caused by high interest rates, and 6 per cent by program expenditures.

An hon. member: What about tax breaks?

Mr. Karpoff: Well, 44 per cent is caused by the reduction in moneys that should have been paid but were not paid, which means the average Canadian has had to pick up more.

The Liberals left a legacy of a \$160 billion debt. I could speak a long time about the incompetence of the Liberals and that debt. Let me just go on. The government has blamed the Liberals consistently that the debt is simply a rollover starting from the \$160 billion and is nothing but compound interest.

This government has had a high interest rate policy. There is absolutely no reason over the last number of years that interest rates have not been at least 4 per cent lower than they have been on average. If we had started off in 1984 and had our interest rates 4 per cent lower right across the board, the first year we would have saved something over \$6 billion in interest rate payments. This year we would be saving something like \$16 billion in interest rate payments.

They could have taken that \$6 billion and reduced the deficit on an ongoing basis from 1984 until now. The Tories could have plugged those tax loopholes from day one, after they were elected. They could have brought in some fair taxation so that companies like Alcan, which in some years made \$250 million or \$230 million, would have paid taxes. The estimates vary a little. Some people say that the tax loopholes cost us \$12 billion a year; other

say \$16 billion. The Tories agree that it is only \$9 billion a year.

Let us take a round figure of \$10 billion a year. If the Tories had plugged that loophole in 1984 and saved that \$10 billion a year, plus the \$4 billion a year in interest rates, and compounded it forward over the eight years they have now been in government and done nothing else, just those two things, we probably would have almost no deficit in this fiscal year. Somehow they can sit there and say: "We are not responsible because we were left with this legacy".

An hon. member: What do you think Bob Rae is saying now?

Mr. Karpoff: That he got left with this legacy. The government did get left with this legacy and a hell of a mess, the same type of Liberal mess that Bob Rae got stuck with in Ontario. The Liberal government said all the way through the election that there was a \$23 million surplus. When the election was over, even before it resigned, it was forced to admit that there was no surplus, there was not even a \$23 million deficit. The deficit was hundreds of millions of dollars that the Ontario NDP government was left to deal with.

This government has learned another trick from the B.C. Socred government and it is called "when we can't control ourselves, we'll off-load on somebody else". It is like that juvenile in the detention centre: When the government could not control its own behaviour, it quickly learned to blame somebody else or to make somebody else responsible for it, or make somebody else suffer the consequences of its behaviour.

In the last three to four years this government that cannot control its own expenditures decided it was going to off-load on to the provinces. It started off not only off-loading on to the provinces, but on to workers and small businesses, and it did it with changes to the Unemployment Insurance Act. It said that it was no longer going to put money from the Consolidated Revenue Fund into premiums; it was going to be financed 100 per cent by employees and employers.

It costs my municipality a million dollars a year and it costs the hospital a million dollars a year in increased UIC premiums. Therefore, they had to cut back on their expenditures. Health care institutions and municipalities are going to have to pay.