

• (1330)

All Canadians will remember the Conservative Government's \$17 billion of pre-election and election promises. Amongst that deluge of election promises, Canadians will also recall the Minister of Finance stating: "Everything we have announced is within the spending budget that I set out in February of 1988. The costs would be zero".

Now, five months later, the Minister has suddenly discovered that what he called "spending commitments" would not in fact be zero. Now he says that they need to be reviewed or, better still, forgotten altogether.

His explanation is that the Government's promises need to be re-examined because interest rates have unexpectedly risen. But who sets interest rates in Canada? It is ultimately the Government itself. That being so, it is quite remarkable that somehow the Minister did not know that interest rates had been going up for two years. He apparently did not know that the Government's election promises would cost ever more money, or would have to be withdrawn altogether once the election campaign was over.

The House may recall that the Minister of Finance based his former fiscal plan on an interest rate of 7.8 per cent in 1989. But even as he did so the Bank of Canada, with his full agreement, was increasing interest rates. When the Minister tabled his last Budget they were already 8.5 per cent. They reached 10.5 per cent when the election was called and now they are nearing 13 per cent. Either the Minister of Finance was dissembling when he joined in making all those promises, or he simply cannot count.

It is preposterous for the Minister of Finance to leave the impression that the Budget problem only appeared after the election. Even if he himself did not know of it, his officials warned him so during the campaign, but the Minister subsequently denied the report of his own Department.

The Minister of Finance knew when these election promises were made that they would never be honoured. He knew, but nevertheless let them be made. The Minister misled Canadians during the campaign, the same Minister who during the campaign repeatedly called the Leader of the Opposition (Mr. Turner) a liar.

The Budget—Mr. MacLaren

During the campaign, and over the last year, why did we not hear the Minister of Finance admitting to Canadians that there was a debt problem? Why during the past year did the Minister consistently present a rosy picture of the fiscal situation? Why was he saying that he had, "achieved this record of deficit reduction with a new disciplined approach to the management of Government and its expenditures", when quite clearly he had not? Why did he deliver one message prior to the election and a very different one immediately afterward?

The fiscal strait-jacket in which the Government has now placed all Canadians seems to have come as a surprise to the Minister. He suddenly finds that the cupboard is bare and the Government's promises are worth no more than most Canadians suspected they were when they first heard them.

During the recent election campaign *The Globe and Mail* was at least right when it said:

Failure to be frank will store up nasty political surprises when the public discovers the dirty secret about our finances. But that will be after the election.

The Government has decided to go it alone with its changes to the federal sales tax, having failed completely to reach any consensus with the provinces. Most of Canada will now face a second sales tax. The result will almost certainly be a significant increase in inflation, coupled with a reduction in disposable income for those Canadians whose income is already under attack by this Budget.

The Government has said that Canadians in greatest need will not suffer as a result of this Budget, yet a consumption tax is the most regressive of all taxes. Even worse, the Government has now changed the meaning of "revenue neutral", a phrase of which it is much enamoured, by greatly increasing the sales tax revenue before introducing the new goods and services sales tax.

We have been told repeatedly that interest rates are high in order to save us from inflation. Now the Government plans to introduce a tax on virtually every dollar spent in this country. The Minister himself has acknowledged that the introduction of the goods and services sales tax will increase the inflation rate by 3 per cent. Unless the Government does the obviously sensible thing and abandons its present monetary policy, interest rates are going to climb further still.

Small business owners have good reason to be worried. Already burdened with increased costs as a result of high interest rates, they now face the nightmare of more paper work. The resulting increase in work for accountants will be offset by an increase in small business failures.