

Supply

that the average family of four in the United States pays somewhere in the neighbourhood of \$300 or more per month for health care insurance. That is for health care coverage that does not compare to what we get through our taxes. Of course that does not even take into account the 35 million Americans who do not have any coverage at all.

You have got to do this kind of mega accounting or macro accounting when you talk about tax burdens. Canadians have coming to them a social wage in the form of medicare and other things that they pay for through their taxes that many of these other countries, particularly the United States which is said to have a lower tax burden, simply do not have.

Hon. Roy MacLaren (Etobicoke North): Mr. Speaker, the budget tabled in March was the final budget of this government. As such it served as an appropriate epilogue to nine years of Conservative rule. It was similar in intent to the December 1992 financial statement, that is it was not directed primarily at Parliament or even the Canadian people generally but rather at foreign lenders.

The main purpose of the budget of March, as in the previous financial statement last December, was to reassure those increasingly jittery foreign lenders that the government has Canada's fiscal well-being firmly in hand. That of course would be no easy task.

Since this government took office in 1984 the national debt has almost tripled. The debt and deficits of the provinces have ballooned almost beyond recognition and the Minister of Finance has been consistently unsuccessful in meeting his own relatively modest deficit targets year after year.

Even less easy has been the government's task of convincing Canadians that it has finally achieved the kind of fiscal sanity for which it was elected or for which it claims to have been elected in 1984. Suddenly, if belatedly, the public at large has become seized with the magnitude of Canada's debt problem. It will be a major if not the major issue in the forthcoming federal election with party leaders as well as provincial premiers vying with each other to assure the Canadian people that they know best how to tame the debt and the deficit. Instead of competing in spending promises as was the case in past decades, instead of promising the Canadian people

more and more, the leaders of tomorrow will be competing in reduction promises.

The government's credibility problem is rooted in the fact that it is once again relying on exceptionally sanguine economic forecasts to mask a debt and deficit problem which it appears again powerless to resolve.

As outlined in the recent budget the government is basically assuming that Canadian output will rapidly build momentum during 1993 underpinned by solid export gains and further interest rate reductions.

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During this period it is suggested that sustained economic growth of nearly 4.5 per cent will coincide with inflation at about 1.5 per cent. That would be a truly remarkable performance, not just in relation to our major economic partners, but in relation to Canada's more pedestrian record over the last decade.

Short-term interest rates will remain around 5 per cent, a mere 70 basis points above the U.S. levels. Long-term government bond yields will drop to 6 per cent and stay there. A combination of export led growth, low real interest rates and continuing low inflation will allegedly be sufficient to move the deficit below its \$35 billion high water mark.

Never has the government's perennial tendency to use optimistic assumptions to generate longer term fiscal dividends been more evident than in its 1994-98 projections. A more cautious and realistic forecast would yield much less favourable fiscal results.

For example, the deficit could be stuck around \$30 billion in a world of 3 per cent growth with modestly higher interest rates. Without revenue increases arising out of significant growth and low inflationary pressures, the proposed freeze on inflation adjusted spending will likely prove inadequate to address the government's serious fiscal imbalance. A multi-year freeze on actual program spending is needed to ensure that the official deficit forecast is realized.

The weakness of the government's approach to the debt and deficit problem over the last nine years is really twofold. First, in seeking to balance its escalating budgets, the government essentially opted for what it believed was the politically more expedient route of tax increases rather than spending reductions.