

The Budget

I have to presume from this point that the budget provides really strong leadership, the leadership that Canadians have been asking for. I mention that because I had a call from one of the local newspaper reporters in my area who was concerned that there was a poll released showing that we were at 19 per cent. She wondered whether I was concerned that we were at that number. I said to her that leadership was not public opinion polls. If this country wanted leadership by public opinion polls, we would have leadership that was in place prior to 1984. Prior to that time public opinion polls seemed to influence greatly exactly what was in every budget. One thing that did not influence the budget was the deficit; what did not influence the budget was where the money was coming from.

I am happy to report that in spite of what those public opinion polls say, we are providing the leadership in this country that is sorely needed. Fiscal responsibility is a direct cure to a disease that afflicts this country. It is one of inflation and deficits. The two go hand in hand. I do not think one should ever assume that they are out of step.

Since 1984 we have had to address two particular deficits. The first was on the program side. The previous government had been spending money to the tune of \$16 billion a year faster than it was making it. Forgetting about the interest on the debt and the debt altogether, it was also spending \$16 billion more a year than it was collecting in revenue. Not only did it not pay interest on the debt it was accumulating, it was paying \$16 billion more on programs than it could afford. There was another \$20 billion that had to be addressed which was the interest on the debt. When we came to office, the two combined amounted to something in excess of \$38 billion.

I think we have done tremendous work in trying to address the two issues. We took the first deficit, that one that dealt with the deficit in programs, to zero in three years. Now, a couple of years later, we have taken that to a \$12.6 billion surplus. We are now spending less on programs than revenues, and finally we are starting to pay some money toward the interest on our debt. That is what we should be doing.

Unfortunately, that debt has grown to the point where we have to raise \$41 billion a year in order to pay the interest, so we still have a deficit of \$28.5 billion.

I have made a point of listening to some of the members over the last day and one of the arguments listed by them dealt with interest rates. A point was very adequately made by a member that the finance committee of which I am a member did a study on interest rates last spring. We recommended strongly that the government encourage the Governor of the Bank of Canada to reduce interest rates.

I supported that particular recommendation at the time because the evidence which was presented to us suggested that only southern Ontario was suffering from inflationary pressures.

Of course when the Governor of the Bank of Canada appeared he disagreed with our evidence, but we had numerous other people who suggested information to the contrary. Being relatively new at it, I thought that with all this contrary evidence maybe the government was wrong and all these other people were right.

Hindsight is a great thing. The Governor of the Bank of Canada was right. We need only to look at recent statistics from many parts of Canada to see that inflation is occurring all over Canada. I have a chart which I find rather interesting because I think it is representative of some of the inflationary pressures that exist in all parts of Canada.

One factor is public sector wage settlements for the last year. While the federal Public Service has averaged a 4.2 per cent level of wage settlements, other parts of Canada have levels much higher. Only Alberta and Saskatchewan, and I give them full credit for this, managed to bring in wage settlements that were less than that of the federal government.

I was told that in British Columbia there were no inflationary pressures. I should now ask why then would the province of British Columbia give an average wage settlement of 8.2 per cent in that province if there were no inflationary pressures. Why would Manitoba give 5.5 per cent? Why would Nova Scotia give 5.7 per cent? Why would Ontario average 6.6 per cent? Places like Newfoundland, Prince Edward Island and Nova Scotia settled at just under 5 per cent. Obviously there were inflationary pressures. The statistics in the public sector wage settlements show those numbers very clearly.

What does this lead me to conclude? Inflation is certainly a curse of sound economic conditions and the Governor of the Bank was right. Since I am a member of the committee, I guess I have to say publicly at this time