

Government Orders

aware that we cannot reduce the deficit on the backs of those who most need our assistance. They are a very vulnerable group.

Perhaps throughout the next year the minister will again need to do some readjusting as various factors affect our financial position.

• (1235)

The Acting Speaker (Mr. Kilger): Before we resume debate, I just want to apprise the House that we have now exhausted the five hour maximum for the debate. We now go to the next stage of debate, which are 10 minute interventions without questions or comments.

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, I want to start my remarks on Bill C-76 by recognizing that in February 1995 the Minister of Finance brought down a budget which departs substantially from normal Liberal philosophy.

This is the budget that should have been introduced in February 1994. Rather than taking firm action then, the Liberals just cried and moaned about the mess left by the Conservatives. That was the time to really reduce spending and take corrective action.

Even now, the unrealistic 3 per cent of GDP target chosen by the Liberal government is akin to a high jump contest where the bar is never raised above two feet. Anyone can clear the obstacle because it is not a real test of capability. So the minister's crowing about achieving or exceeding his budget goals is ridiculous.

The aim should have been to present interim targets on the way to a balanced budget by the end of this Parliament, along with a plan to show how this was to be achieved. But this government had neither the political will nor the courage to set these realistic goals which are desperately needed if Canada's vaunted social programs are to be protected and sustained.

There is no question that various special interest groups and some Canadians would cry: "Yes, cut spending, but not in my program", or: "Yes, you should save money, but not on my subsidy".

The Reform Party has established that there is a large constituency in our country which recognizes and is ready to accept the need for meaningful spending reductions which will lead to a balanced budget. Historically, governments, including this one, have preferred to take the easier road, making a few spending cuts and raising a few taxes but not taking the measures really required to balance the books.

The federal debt has climbed from \$28 billion in 1970 to nearly \$550 billion today, a 28-fold increase. Among major developed countries only Italy has a larger debt relative to the size of its economy.

I have trouble visualizing a billion. I can come into the picture somewhat with a million, but a billion really escapes me. To try to put it into context, I converted it into time and used seconds as the basis. One million seconds is just under 12 days, 11.82 days

exactly. A billion seconds is almost 32 years. This puts it into some perspective as to how large a billion is.

After running up a serious deficit during World War II, Canada's debt to GDP ratio gradually declined until the mid-1970s. The last federal surplus was recorded in 1970. From that point on governments continually spent money they did not have and in so doing accumulated the debt burden which saddles us today.

It took Reform Party insistence and concerned taxpayers to convince this government that Canada has a serious debt problem which must be addressed not by increasing taxes, but rather by reducing spending.

Then Moody's rattled the chains. Foreign investors expressed their concern that Canada's finances are in serious trouble, saying: "Either put your act in order or we will invest our money elsewhere".

With one-quarter of our national debt held by international money markets, Canada is hostage to their demands for a good return on the buck. Furthermore, while Canada has been an attractive place to invest money because of our stable political climate, the Quebec problem has put that climate in question and thus our finances are subjected to greater scrutiny.

As I said earlier, the federal debt is now almost \$550 billion and provincial and municipal governments owe another \$190 billion. Under Liberal plans, within three years the federal debt will increase by \$100 billion to almost \$600 billion and interest payments on that debt will climb to \$52 billion. The result is that interest payments will account for nearly one-third of our total federal budget.

In 1981 the share of the provincial debt for each man, woman and child was \$4,500. When a child is born here today, he or she enters Canada owing over \$25,000. In fact, everyone pictures a baby being born and the doctor holding it up by the heels, slapping it on the bottom to get it to cry and start its life cycle. That is no longer necessary. All the doctor has to do is hold the baby up and say: "You owe us \$25,000 and the baby automatically starts to cry".

• (1240)

When the Liberals took office, interest charges on our debt were \$39 billion. Under their projected budget plan, by the next election those interest charges will have risen to \$52 billion and as I said before will comprise almost one-third of our annual budget.

This means that more than 30 cents out of every tax dollar will be devoted to paying the interest on the debt. At that time the Liberals still project a deficit of \$24 billion. Our debt is continuing to rise as will the interest payments we will be forced to pay.

This Liberal budget fails to deliver. The Liberals have no plan to balance the books by the end of their mandate. They have no plan to answer the problems rapidly approaching with an aging population. The Superintendent of Financial Institutions has