

Supply

I know that the Liberals are still waving their little red book and claiming that 3 per cent of GDP is a good deficit target. It is not. It is painfully inadequate. Let us suppose that all we are setting out to do is to reduce the deficit to 3 per cent of GDP, to go over the cliff a little more slowly. How are we going to do it? What will our program be? How will we tell if it is working? What will we do if it is not?

There are three ways to try to control the deficit. The first one is to raise taxes. The second one is to cut spending. The third one is to fiddle the books. In my home province of British Columbia they are getting pretty good at number three. I am not even going to consider it. The only thing that I am going to say is that leaving things like the Canada pension plan off budget is not a good idea.

• (1240)

Let us assume that the federal government's books get neither better nor worse over the next few years. That leaves raising taxes or cutting spending. I do not think there is any big mystery about the appropriate yardstick for success or failure. Is the deficit getting bigger, staying about the same or is it getting smaller? By that standard, any reasonable person would conclude that what we have done over the past decade has failed.

If members want a grim laugh go back and read some of the speeches by one Brian Mulroney while campaigning for the Prime Minister's job. Or go back and read the budgets of Michael Wilson or Don Mazankowski. Heck, read the budgets by the former Liberal finance minister, the Prime Minister. They all preach about the dangers of deficits and debt.

It is absolutely amazing to see how many budgets are brought into this House and prefaced with the remarks that the deficit and the debt are the most primary concern of the government of the day. They all promise to bring budgets under control and I have no reason to think they were anything but sincere. Look at the method they chose: constant tax increases. Apply the yardstick. Did the deficit shrink appreciably? No, it did not.

George Orwell once said it is the first duty of every intelligent person to state the obvious. I am about to state the obvious. Tax increases have been tried as a deficit reduction measure for a long time and they have failed. This is also true internationally. It is time therefore for us to recognize the wisdom of an observation by Nobel prize winning economist Milton Friedman: "Governments will spend whatever they can take in plus whatever they can get away with".

The record is clear. Tax increases do not solve budget imbalances. Budget imbalances are caused by spending. They are caused by programs whose appetite is far greater than the tax system can deal with. No tax increases. Spending cuts.

The problem is on the spending side. That is where the ducks are. As Ralph Klein from Alberta said: "If you want to go duck hunting you have to hunt where the ducks are".

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Madam Speaker, I would like to note that I will be sharing my time with the member for Carleton—Charlotte.

I am pleased to participate in this supply day debate. It allows me to remind the House of a very important policy paper on the government's economic strategy by the Minister of Finance presented at the Standing Committee on Finance last fall.

I know that Reform has little time and less interest in any prescription requiring more than a single syllable. Its formula for government, for the economy and for the budget is simply slash and burn. It has the same petulant one-syllable approach to even boosting revenues by improving tax system fairness, that is, no, no, no.

I regret sounding so sarcastic but frankly that is the only reasonable response to a motion that sings a one-note song: cut the deficit. It proves that the Reform, a Johnny one-note party still cannot recognize the wider economic context that governments and budgets must address.

The great political philosopher Edmund Burke said: "The essence of tyranny is the denial of complexity". Deficit reduction in a way that lays the foundation for deficit elimination is essential. That is why the government has staked out concrete targets for dramatic deficit cuts. We have made clear that the ultimate goal is deficit elimination. Just reducing or eliminating the deficit by itself will not sustain or secure the type of country most Canadians want and expect. At a time of accelerating technology and evolving skills, when almost one in ten Canadian workers are still jobless, even a balanced budget alone will not deliver the new opportunities they need.

• (1245)

This is where our government differs so fundamentally from the Reform opposition. We understand because a majority of Canadians understand that Canada needs a disciplined strategy for economic security and growth.

Under the previous government Canadians saw too often and too much what happens when a government implements spending cuts without clear guiding principles. It is like building a house without a blueprint. It is costly in the long run and then the roof falls in.

That is why our government has set out the framework for economic policies we intend to build upon. The paper "A New Framework for Economic Policy" is a clear statement of objectives that will guide what the government will do and what it will not do. The logic and approaches of the 1960s simply are no