

The Budget

• (1805)

These measures, Madam Speaker, mean that program spending will grow by just under three per cent next year, which is well below the rate of inflation. The measures in the budget bring us back on to the deficit track set out in the 1989 budget, and cut the anticipated deficit for 1990-91 to \$28.5 billion.

[English]

By 1994-95, we expect the deficit to decline further to \$10 billion. The operational surplus will reach \$31 billion with program spending falling to 14.2 per cent of national income. The burden of debt will be reduced as the national debt shrinks relative to the national income, and we will begin to pay down our bonds and treasury bills.

In short, we will be regaining the flexibility we need to make real choices about the country we want to pass on to the future. We will be able to do this in a climate of lower inflation, lower interest rates, sound economic growth and more jobs and opportunities in every part of Canada.

The measures in our budget show that we are willing to work hard to reach our goals. If we maintain our resolve we will win through to lower inflation and a stronger economy. I invite all members of this House to join with the government in fighting this battle for the future—not just our future but the future of all Canadians to come.

Mr. Samson: Madam Speaker, I listened very closely to the delivery of that unbelievable speech from the hon. member opposite. I sometimes wonder if we are talking about the same topic.

The government said that there are no new tax increases in this budget and there was a rousing round of applause for the minister when he made that statement. I would like to point out to the members opposite, in case they missed it, that the veterans in this country who are going to be paying \$6 more per day for health care services are getting a tax increase. I do not care what you call it. If it is a price increase for health care it is a tax increase, it is an increase in something that they have to pay. You can cover it up and cloud it over any way you like. The veterans who defended this country do not deserve this slap in the face and the government ought to be ashamed of itself for even suggesting it.

I would like to ask the member for an explanation. Government members talk about not having any tax increases. Yet, in the same breath, they are telling us that in this year \$1 billion in transfer payments to the provinces will be eliminated. Next year there is going to be a \$1.5 billion reduction in those transfer payments. Last night we heard the Minister of Finance tell us that the provinces should have no problem whatsoever in recouping this money without raising taxes.

The finance minister has all the answers. Surely he must have a plan, surely he must have an answer. Can he tell us how the provinces are going to raise \$1 billion and \$1.5 billion without raising taxes to anyone? I would like the member opposite who just spoke to explain to us how this is going to happen. I would be interested in hearing the response.

Mr. Loiselle: Madam Speaker, I would like to remind the hon. member that, whether he likes it or not, there were no tax increases in the budget. There were expenditure reductions, and we do not apologize for them. They are needed, because our capacity to help the veterans and the other people we care for would be considerably hampered if we were not to deal with this very real problem.

This is what our friends across the floor failed to do. They left this country with a very hard inheritance. They laugh at the debt problem. They laughed at it when they were in power and that is why we are in this mess today. We have worked at it and we are gaining over it.

• (1810)

As for the other question raised by the hon. member about the \$1 billion diminution in transfer payments to the provinces, the government has been very careful over the last five years to keep expenditures as low as possible, in fact to reduce them. We have very often been accused of doing that too much. We have kept, on average, increases in our expenditure at about 3.5 per cent.

Mr. Samson: How come the deficit went up?

Mr. Loiselle: The deficit went up because we had to pay interest on the debt and we did not have the money to pay it. They will never understand this. A debt of \$200 billion accumulates interest of \$22 billion a year, and that is not touching the debt. We did not have the money. We had a deficit in our current operation of \$16 billion. We do not print money. We have to get it. We achieved a \$25