

*The Budget—Mr. Larrivée*

Countries are like people. In Canada, we have a cumulative debt that is absolutely astronomical. Today, the debt is \$320 billion or about \$34,000 per Canadian family. Because of interest charges, the debt increases \$80 million each day and every day. Last year, 31 cents of every tax dollar was spent to pay the interest on the debt. This year, it will be 35 cents.

We cannot go on like this. We are mortgaging our children's future by leaving them this legacy. We are weakening our own capacity to cope with changes in the world economy, such as the recent upsurge in interest rates.

Unless we act, we will no longer be able to afford the major programs that make Canada a generous country. We must act now to be able to control our future.

The Progressive Conservative Government has been working on debt control since 1984. To do so, it had to introduce vigorous measures, manage the economy intelligently, and keep a close rein on public spending. We have succeeded in reducing the deficit by \$9.5 billion and reducing the growth of the debt from 24 per cent per year to less than 10 per cent last year.

Despite that progress, the debt is continuing to grow more rapidly than our national income. That is why the Budget proposes drastic measures that will enable us to deal with the debt. We must now build for our future, not borrow from it.

Our task will not be easy. Some programs will be cut, and some taxes will be increased. Every Canadian who is able to do so will be asked to help shoulder the burden.

The Government will introduce the measures that are necessary to maintain a healthy and strong economy. By reducing the debt, by reducing the deficit and by making Government operations more efficient, we can help lower interest rates, keep Canadians at work and take care of those members of our society who need our help. To lower interest rates, we will continue to fight inflationary pressures on our economy. Rising inflation and interest rates have increased the burden of servicing the public debt. The best way to bring interest rates down and keep them at manageable levels is to take the measures that are necessary to create a healthier economy and put our finances in order. To achieve this, we have made some difficult choices. In fact, that is why we were elected. We have worked to ensure that the total package of measures is balanced, reflecting regional circumstances and placing the greater burden on those who are better able to carry it.

As far as spending is concerned, the work done by the Expenditure Review Committee of Cabinet is reflected in major reductions in government spending that will total about \$2.5 billion this year. These measures are in addition to the action we have taken during the past four years to reduce program spending which, in relation to the economy, has declined from 19.5 per cent when we came to power to 16 per cent this year and will fall to 15 per cent by 1993-94.

The reduction in defence expenditures is a major component of that effort. The cancellation or postponement of certain staffing projects, the closing or scaling down of certain Canadian Forces bases and the decision not to proceed with the purchase of nuclear submarines will allow for a \$2.7 billion saving over the next five years. However, overall defence expenditures will grow. And this Progressive Conservative Government is more than ever committed to defending our sovereignty and security.

The Government also reassessed its external aid program. Our contribution to public development assistance is one of the most generous in the industrialized world, and it will remain so. The one-year reduction of the aid, and the slowing down of its growth rate will allow for some \$1.8 billion deficit reductions over the next five years.

The Government also will review subsidies to VIA Rail, with a view to making substantial cuts. We simply cannot afford to spend that much money on a passenger rail service used by so few people. The Government will examine various options, including rate increases, service reductions except in remote areas, and the closing down, sale or transfer of major components of the system.

The Government also will reduce the growth of transfers to provincial Governments. Transfers under established program financing this year total \$34 billion and will continue to grow from year to year at least at the rate of inflation. On the other hand, transfer payments to low-income provinces will remain unchanged. This Government remains committed to reaching the goals of our national child care strategy. Tax assistance measures to some 1.4 million families of preschool age or children with special needs already are in place, as well as a special fund to promote new initiatives to improve child care services. However, because of the financial situation, the Government has decided not to go ahead for the time being with the third prong of its strategy to accelerate the creation of extra child care spaces. It will continue however sharing the cost of provincial child care services under the Canada Assistance Plan, and will