

Government Orders

As the member for Medicine Hat said earlier, the debt and interest costs are hurting the country. They are the drag and the slag that will put us into receivership somewhere down the road. Our grandchildren will have to pay off this huge debt. We have a responsibility to do something about it.

Having been in the Standing Committee on Finance I listened to a number of witnesses who attended the prebudget consultations, which is what we are really debating today, and some interesting comments were made. I am looking forward to the budget to see if the minister listened to the submissions.

One day 10 leading economists appeared. I heard a number of them say—and it was consistent across the spectrum—that it was good a target had been set and achieved. That sends a good message to the financial community. There is nothing wrong with that. We needed some confidence. We needed to restore some credibility in the finances of the country. To that degree the finance minister has done that.

However the hole is dug and it is deep. Now he will continue to dig it deeper but just dig slower. To solve the problem he has to stop digging. That is what a balanced budget means. Somewhere we will stop digging in two years, three years or whatever.

This year a number of economists suggested a 3 per cent target next year in terms of the deficit as a percentage of GDP, 1.5 per cent the year after and zero in the third year. That is what they suggested.

Another economist suggested that we should get off of the treadmill of deficit as a percentage of GDP and talk about debt as a percentage of GDP. Overall as a nation it is over 100 per cent. As a federal government we are at a 73 per cent debt to GDP ratio. Even the Governor of the Bank of Canada at a public accounts meeting said it was too high and we had to get it down.

• (1635)

For two years we have had economic growth. The wonderful targets the minister has been achieving have not been through spending cuts. Ninety per cent of them have been through growth. He is deceiving the Canadian public by taking all the credit for it. The businesses and the people of Canada should take credit for it.

The minister is playing games with the people. The projections by the economists were 2 per cent or maybe 2.5 per cent in the short term. That is not very much. If the inflation rate is close to or higher than the growth rate, the economists say that what is needed is a surplus budget. That is what the Governor of the Bank of Canada says, but the government will not do that.

I recommend a balanced budget. Yes, we will have a deficit. The finance minister should tell the Canadian public when he will have a balanced budget and when he will address the real problem in Canada, the high levels of taxation. Then he can start promising Canadians tax relief. Then he can start promising

Canadians a break in their pocketbooks. Then we can start looking at ways to stimulate the economy which will lead to money in the hands of the people and will let them do it, rather than the government.

I recommend the three, 1.5 and zero scenarios, versus the four, three and two which the finance minister is now proposing. When the finance minister introduces his budget he will use the same principle he used before: selective hearing.

The business community was also at the standing committee hearings and stated the same thing. It stated that government targets were too soft and that it was moving too slowly. The finance minister has a tough job. It is difficult to predict and I respect the job he has to do. However, the business community said that if the finance minister was to err, he should err on the fast side and not on the slow side. It is better to err by cutting quicker than by cutting slower.

He is cutting slower. He is trying to ensure that he keeps his support in Ontario. He is not telling the truth to Ontarians. We cannot afford to make the payments for the programs that we are delivering at their current levels. We have to reduce them. We have to help the truly needy. We have to start helping people to become more responsible for themselves. The way to do that is to be honest with them. We must tell them that somewhere down the road, if we bite the bullet now and learn to live with less, we can lower spending and then we can begin to lower taxes. That is what we have to achieve.

The finance minister also promised in the election campaign that he would get rid of the GST. The Prime Minister said they would kill it and that they hated it. The Deputy Prime Minister said she would quit if the Liberals did not get rid of the GST. That was addressed at the hearings as well. People were saying: "Let us do something about the GST". Two years ago the recommendation was to harmonize with the provinces: combine it, have it at one rate, hide it and the people would forget about it.

No. Any tax should be visible. As a matter of fact, not only should taxes be visible but our spending should be visible. We use income tax too much to deliver social and economic benefits when we should be taking those tax breaks out of income tax and putting them in a spending envelope under direct spending as they did in New Zealand.

We would then have politicians and bureaucrats who could be held accountable. We would have a politician saying: "This is what we will spend on welfare. Here is my envelope. It is a \$5 billion program". The deputy minister and the bureaucracy could help the politician do that. It would create an incentive for bureaucrats to succeed. They could actually receive a bonus if they helped the politician achieve the objective. The morale in the public service is very low. I critique the departments of Revenue Canada and Customs and Excise and I could tell stories that would scare people.