

*Supply*

However, I hope future cuts will be made in other sectors of federal spending in order to have some balance in the equation.

This budget did not go far enough. Our interest payments will have increased from \$39 billion, when the Liberals took power, to \$51 billion a year by the end of the three-year budget projection period, which ends two years from now. Those are interest payments on our debt alone. The result of that is an extra \$12 billion of taxpayers' money that is being spent on interest payments on the debt. Still, with the Liberal budget, the debt will increase by \$24 billion a year at the end of these three years. That means ever-increasing interest expenses.

Where is the money going to come from to make these ever-increasing interest payments on the debt? It will come from the taxpayers, and there are not enough taxpayers' dollars to pay for increased interest payments. That means that tax increases are not an option. That means that cuts will have to be made somewhere else in order to pay for these extra interest payments.

I encourage the government to take a step over the next five or six months to present another budget that will go far enough and set a definite date on which the deficit will be eliminated. I encourage them to do that. However, because that has not happened, and by not having enough cuts or a definite date for when the deficit will be eliminated, interest rate costs will be higher for farmers, because this continuing deficit has put upward pressure on interest rates. Lenders will be hesitant to lend; getting financing is going to be more difficult for farmers. There is also the threat to social programs, which will continue.

● (1140)

So not only are farmers asked to share more of the cost, but there is a real threat to social programs, including pensions, health care and other social programs that they depend on and want.

I do not think any of these cuts can be called petty. In fact, this government must go further in the very near future or the damaging results will go way beyond the pain that has been caused by the cuts in this budget.

**Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.):** Mr. Speaker, I did not get a chance to listen to the first part of the hon. member's speech, but I did hear the last part where he was talking about supply management. He said that in his opinion supply management will be gone in a few short years.

One of the ministers who helped negotiate this is just leaving. I would like to know what the hon. member bases that assumption on, that in fact supply management is gone or is going to go, considering that I feel we had a very successful round of negotiations at the GATT and in fact supply management is very well protected, thank you very much.

Maybe the member can tell me what he bases that assumption on.

**Mr. Benoit:** Mr. Speaker, I would be glad to answer the member's question.

I base this on three main points. The first point has been well made by the lawyer representing the dairy farmers of Canada in their push to keep American products out of the market. They of course are saying that GATT takes precedence over NAFTA with regard to supply management. The lawyer who is representing the Dairy Farmers of Canada has said: "Hey, guys, you had better be careful here. The Americans have a very good case that in fact NAFTA has precedence over GATT."

As this member will well know, this lawyer—who represents the Dairy Farmers of Canada, not the Americans—has said that this is a real concern and that we had better be prepared for the decision going in favour of NAFTA having precedence over GATT. If this happens then supply management as we know it is in jeopardy immediately.

The next major thing that threatens supply management as we know it is the NAFTA negotiations around letting Chile into the NAFTA family. Our Prime Minister and the President of the United States have said that within four years Chile will be part of the NAFTA family. When that happens, and as those negotiations take place, I believe Americans will demand that Canadian markets be opened up to their products in the supply-managed area. That is the second very real threat to supply management.

The third threat is the new GATT negotiations, which will take place starting in the year 2000. I believe those new negotiations will in fact lead to a rapid deceleration in tariffs protecting the supply-managed industry.

I do not like saying these things to supply-managed farmers because I know this is going to present a great difficulty and a real challenge for them, but I am not going to hide it. I am going to be very honest and open and say: "I believe this is what is going to happen. Take any time you have to prepare yourselves for this major change."

[*Translation*]

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, when the opposition chose to focus on agriculture on this opposition day and especially on the budget cuts, our intent was not to say that we have something against budget cuts when they are needed.

Canadians throughout the country, including Quebec of course, realize that we do not have any choice. With the economic situation being what it is thanks to the previous Liberal and Conservative governments, we have to cut.