

The Budget—Mr. Wilson

The difficulty the Speaker is in, in this present situation, is that while fully understanding the position of the Official Opposition and the New Democratic Party and fully understanding the reason for it, the fact of the matter is that we now have a House Order, which was passed by the House. I can see no way that I can unilaterally change that.

This House Order could be changed, of course, if the House wishes to direct me in that way, but I have not received such a direction. I am bound to follow it unless, of course, I am directed otherwise. As I say, the House has not done so.

• (1740)

There was another argument advanced, that is, that the Budget ought not to go ahead until the argument over privilege—because there are a number of privilege applications all being heard in one debate—is completed.

I am continuing to hear argument on what may or may not be a contempt of this House. I do not prejudge that. While the matter to be heard under this special House Order that I have described, and the questions of contempt and privilege are related questions, I have looked at them carefully and it is my view that they are not dependent one upon the other. Each stands alone as a unique proceeding.

The Speaker cannot foresee the future, that is, what the House may eventually do if there is a prima facie case of contempt or privilege. As I said, I intend to hear further argument on the privilege matter. It is not closed off this afternoon by any means.

However, while I do not know what may eventually happen on the privilege issue, I do know what the House has done with the special House Order. I must advise Hon. Members that I am bound by it. Therefore, it is my duty to recognize the Hon. Minister of Finance.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approves in general the budgetary policy of the Government.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I expressed this morning my regret at not being able to deliver my Budget speech first to the House of Commons. Members on all sides have debated the circumstances surrounding this matter during the course of today.

Let me now make some summary comments about my Budget, a Budget which I view as most significant for Canadians.

It is important for Members of the House and all Canadians to understand the budgetary policy that has shaped the measures in the documents that I am tabling today.

[Translation]

It is also important to understand the major economic and social objectives which our policies will help achieve.

[English]

Our Budget is designed to deal with the over-arching national problem that stands between Canadians and a better future for ourselves and for our children: our large and growing public debt.

It is now more than \$320 billion. The debt is more than 20 times larger than it was in the mid-1970s when it began to grow faster than the national economy. Interest payments on the debt will require more than one-third of all government revenues this year.

As a Government, we recognized the threat posed by the debt and its enormous momentum of growth when we came to office four and one-half years ago.

As part of a broad agenda of action to strengthen the foundations of Canada's economy, we acted to slow the growth of debt by reducing the annual deficit. We succeeded in reducing the growth of the debt from almost 24 per cent in 1984 to less than 10 per cent last year.

During the same period, the Canadian economy generated substantial growth. It created one and one-half million new jobs and expanded faster than most other industrial nations.

The paramount fiscal policy objective of this Government is to continue getting the public debt under control through deficit reduction, and to reinforce the policies that helped to achieve the record of fiscal and economic progress.

The Budget—Mr. Wilson

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): There is now a new urgency to the challenge. In response to rising inflationary pressures in Canada and abroad, short-term interest rates have risen. They will be much higher this year than was widely expected by most commentators even a few months ago.

If we do not act now, we will face a growing danger of higher inflation and even higher interest rates. This could lead to a severe recession. At the same time, the projected cost of paying the interest on the debt has risen by more than \$6 billion this year. This interest cost alone will be \$39 billion. That is more than we spend in total on health care, family allowances, old age security and social assistance.

What is at stake here is nothing less than our capacity as a Government and as a nation to maintain the high standard of living and quality of life that Canadians expect.

[*Translation*]

If we want to protect and improve our standard of living and quality of life, we must adopt firm, balanced and coherent financial and monetary policies which will help us continue the process aimed at lowering inflation and interest rates and prevent them from going up again; we must adopt realistic and balanced policies which carefully strike a proper balance between short term dangers and long term objectives.

[*English*]

The decisive debt control actions in this Budget are essential to the achievement of the right policy balance now and in the years to come.

The budget measures that I am proposing, and which are set out in detail in the documents that I will be tabling, include a wide range of reductions in government spending and measures to increase revenues. In addition, fundamental economic strength and revenue stability will be enhanced through reform of the federal sales tax.

Major reductions in program spending have been achieved. When fully implemented, these will total about \$2.5 billion a year. These measures build on the expenditure restraint actions undertaken since 1984. As a result, program spending has declined from 19.5 per cent of our national income just five years ago to 16 per cent this year. In 1993-94, it will fall further to just over 15 per cent. Mr. Speaker, that is the lowest level it will have been in a quarter century.

Our debt control actions, both expenditure reductions and revenue increases, will total more than \$5 billion this year and \$9 billion next year. This will offset most of the increase in interest costs this year and reduce the annual deficit to \$30.5 billion. Next year, it will be reduced to \$28 billion.

The debt-to-GDP ratio will stabilize next year. This means that the public debt will stop growing faster than the economy for the first time since the mid 1970s.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): By 1993-94, the deficit will be cut in half to \$15 billion.

Some Hon. Members: Hear, hear!

• (1750)

[*Translation*]

Mr. Wilson (Etobicoke Centre): The decisive actions announced in the budget are essential to the achievement of a necessary balance between our budgetary and monetary policies to ease inflationary pressures, create a margin for interest rate reductions and maintain economic growth.

[*English*]

As the deficit continues to go down, the debt will shrink as a proportion of our national income. Interest costs will take less of every revenue dollar. This will restore the flexibility that we need to continue to maintain the programs that Canadians value, and to build a better future for our children and for our grandchildren.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): More important than any numbers that we can cite, we will have a Canada that is continuing on course for a rising standard of living and better quality of life to pass on to the next generation, a Canada that is building for the future, not borrowing from it. That is our responsibility as a Government. That is surely our goal as Canadians.

Four years ago we brought forward a plan to build a better future for Canada. We knew that to stay on that course would require a sustained national effort. Together we have made great progress. Our future success will depend on the will of the Government to continue making tough choices and on the understanding and commitment of Canadians to join in building a stronger Canada. That is what the policies in this Budget are all about.

The Budget—Mr. MacLaren

Today, I am tabling all the budgetary documents, including notices of Ways and Means motions covering changes to the Income Tax Act, the Excise Act, the Excise Tax Act, the Customs Tariff and the Old Age Security Act. Details of these measures are included in the material that I am tabling. I ask that an order of the day be designated for the consideration of each of these Ways and Means motions.

In addition, pursuant to a motion of this House I will introduce today a Bill seeking the borrowing authority for the 1989-90 fiscal year.

Some Hon. Members: Hear, hear!

[Translation]

Mr. Speaker: Pursuant to the order adopted on Wednesday, April 19, 1989, the House will now revert to the item "Introduction of Government Bills".

ROUTINE PROCEEDINGS

[English]

BORROWING AUTHORITY ACT, 1989-90

MEASURE TO ENACT

Hon. Michael Wilson (Minister of Finance) moved for leave to introduce Bill C-11, an Act to provide borrowing authority.

Mr. Speaker: Shall the Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the first time and ordered to be printed.

Mr. Speaker: When shall the Bill be read the second time? At the next sitting of the House?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approves in general the budgetary policy of the Government.

Hon. Roy MacLaren (Etobicoke North): Mr. Speaker, the Budget that was made public some 24 hours ago demonstrates what many Canadians have known for years. It is that the Government of the Prime Minister (Mr. Mulroney) is at one and the same time unfair and indifferent to the real needs of Canadians, and incompetent in the management of the finances of our country.

That the Government hopes to deal with its deficit by slashing programs and raising taxes is now painfully clear. Much will be said in the next weeks about this Budget and its impact on the average Canadian family. We on this side of the House shall participate in that debate. We shall have a great deal to say about it.

In these next few minutes I want to say something about deficits, not the Government's deficit, not the many dollars that separate its spending from its income. I want to talk about the deficits that every Canadian understands, the deficits with which every Canadian can identify, the deficits that touch the lives of every Canadian in a very real way.

There are many deficits in this Budget, but they are very different from the deficit the Government talks about. There is a deficit of compassion, of assistance, of caring.

Ask a single mother in Brampton who relies on day care to enable her to work full time who believed the Prime Minister when he promised a comprehensive national day care plan. Where is that promise today? There is a deficit of caring.

Ask a woman in Vancouver whose husband was left for two nights in an emergency ward because no hospital bed was available. Ask the people who hoped that funding for our health care system would be increased, not mindlessly cut as it has been in this Budget.

There is in this Budget a deficit of assistance, assistance for Canadians in real need. Ask the young family in Bonavista who has to survive on unemployment assistance for seven months of the year, who now faces cuts not only in unemployment insurance but also in regional development grants which can offer them a way out of poverty. Now the Government is withdrawing from unemployment insurance.