

*Borrowing Authority*

Then on November 8, 1984, the Tories were elected. In September we had inherited a \$38.3 billion deficit, a national debt of \$199 billion requiring interest payments of \$22 billion annually.

**An Hon. Member:** What is it today? Double!

**Mr. Sobeski:** The Members behind indicate the total debt may have doubled. We inherited a debt of \$199 billion. We are hearing numbers of \$320 billion. That is not quite doubling.

**An Hon. Member:** One hundred and ninety-nine billion dollars is not quite the figure either. One hundred seventy billion dollars would be correct.

**Mr. Sobeski:** Just listen to this. In 1975-76 the deficit was \$31 billion. In three years the deficit had gone to \$60 billion. The Government of the day had managed to double the deficit in that period. If that was not enough, that Government took the national debt from \$60 billion to \$199 billion. It managed to triple the debt in that six-year period. It is not a record that the Liberal Government at that time should be proud of.

Fiscal responsibility has been a top priority since this Government took office four and a half years ago. In 1984, the fiscal situation presented the Government with a difficult challenge. Expenditures were growing much faster than the economy while revenue growth was falling far behind. In the four years ending 1984-85, the budgetary deficit had more than doubled relative to the size of the economy. The growth in the public debt had reached alarming proportions. Public debt was rising well in excess of 20 per cent a year. The rapidly deteriorating fiscal situation has become an impediment to sustained non-inflationary growth, the creation of jobs and ultimately the future well-being of Canadians.

During the past four years, this Government has faced up to the challenge of the debt with a series of tough measures to restrain government spending. We are now spending less on programs than we receive in revenues. The irony is that so long as we let government debt continue to grow, we reduce our ability to fund education, assist the jobless and assist the very needy in our society. The real opponents of social programs are those who refuse realistic discussion of deficit reduction. The current surge in interest rates shows how vulnerable Canadians are to debt costs. In just one year, the projected cost of paying interest on debt has risen by more than \$6 billion.

Let us not kid ourselves. The measures in the Budget are tough because they match the challenge the nation faces. Deficit spending is deferred taxation, and that deferral cannot go on.

**Some Hon. Members:** Hear, hear!

**Mr. Milliken:** Madam Speaker, the Hon. Member who has just addressed the House has talked about the Government's management of the economy in the last few years in laudatory terms when many economists, businessmen, and Members of the Opposition indicate the opposite is true. One of the difficulties we face is the mounting size of the deficit. I want to quote two statements to the Hon. Member and ask if he agrees with my comments on them. The first is contained in the leaked Budget speech. Although we did not hear this read in the House, it has now been tabled. The document that I presume the Minister was supposed to read before the Budget sprouted the leak states:

We recognized the seriousness of the debt problem when we came to office.

I could add they appear to have done very little about it.

We have been acting to get it under control.

Four years of inaction.

We have succeeded in reducing the growth of the debt from almost 24 per cent in 1984 to less than 10 per cent last year.

That is one statement made by the Minister of Finance in the leaked document. The other statement was made in the House yesterday morning by the Minister of State for Privatization (Mr. McDermid). I told him his statement was ridiculous and he disagreed with me. I want to read his statement. I quote from page 1111 of *Hansard* of yesterday.

Our financial requirements were down from \$30 billion to \$22 billion in the same period. We reduced the growth of the debt to 9.9 per cent. That was the first time in 15 years that the debt growth was less than 10 per cent.

Anybody with an elementary knowledge of arithmetic can figure out that if the debt gets bigger, the growth will be a smaller percentage of the total. We can expect, therefore, that with the growth of the debt predicted in the Budget this year by another \$30 billion and next year by another \$28 billion, which will undoubtedly grow to \$30 billion by the time the Government gets around to managing it, the growth in the debt will be down to about 5 per cent in no time.

To make these statements is to deceive the Canadian people, because they are not portraying an accurate picture of what is happening. We say the percentage increase of the national debt is going down. Yes, that is true; but the amount of the increase is just as big every year. It is ridiculous to suggest otherwise. Yet that is what is perpetrated in the leaked budget document on the second page. It was further compounded yesterday by the Minister of State for Privatization when he spoke in this House. I stated then and repeat today, it is