

Borrowing Authority

an enormous amount of money, it compares favourably with the necessary amounts borrowed since we have taken office.

The fact that these figures are trending downward reflects the very welcome fact that over the past three years the Government will have reduced financial requirements by 28.5 per cent, from \$29.8 billion in the year in which we took office to \$21.3 billion in 1987-88. This is the lowest level in six years. Relative to the size of the economy, financial requirements have fallen from 6.7 per cent of the gross domestic product to a projected 3.9 per cent. This steady reduction in the demands made by the Government on the nation's savings is one of the most important factors underlying our steady economic growth and advance.

Yesterday I listened to the debate of the Hon. Member for Trinity (Miss Nicholson) as she put forward some of her Party's opinions on this borrowing authority Bill. Since she is a member of the Standing Committee on Finance and Economic Affairs, I decided to listen carefully to what she had to say. She said that we must spend more, tax less, and reduce the deficit, all at the same time. She castigated the Government for its various spending cuts. She then zeroed in on the incentive bonus which was provided for senior civil servants if they effectively ran their departments and controlled spending within those departments. I cannot understand why someone would criticize another for doing a good job. The only thing which is appropriate when you do a good job is incentive to do a better job next time. Does that mean that Liberals want to reward incompetence? That is what it sounds like. I am glad I am on the side of the House which rewards efficiency and discipline in the controlling of government spending.

The Member's answer with regard to what we should be doing was to increase training, increase spending, and increase transfer payments while at the same time reducing the deficit. I must ask what fairyland school of economics that Hon. Member attended. I saw in her biography that she attended the London School of Economics. We all know that it has a leftist bent, but I am sure that they did not teach the fairyland, hypocritical type of economics which we were hearing yesterday.

At the end of the Hon. Member's comments she had the audacity to say that we should let actions speak rather than words. Well, let us do that. Let us look at the actions of her Government and her Leader, when he was the Minister of Finance, and compare those with the actions of the present Government. Let us allow the actions to speak rather than the words.

From 1972 to 1975 the Right Hon. Leader of the Opposition (Mr. Turner) was the Finance Minister. Let us examine a few indicators of what took place during those years. When the Right Hon. Leader of the Opposition became the Finance Minister he had a \$481 million annual surplus rather than a deficit. In three years he turned that \$481 million surplus into a \$4 billion deficit. Under his leadership spending rose by an average of 23 per cent a year. The gross national debt grew by 50 per cent and deficit costs grew by 85 per cent. The inflation

rate doubled from 5.1 per cent to 10.6 per cent. That is not surprising. When someone says that we must spend more, tax less, and yet somehow reduce the deficit, the only option left is to print money, and that is exactly what that Minister of Finance did. It is not surprising that inflation went up.

During his tenure as Minister of Finance the Bank of Canada rate rose by 4.25 percentage points. Under his leadership unemployment rose by 1 per cent and the youth unemployment rate rose by 2.5 per cent. From 1980 to 1984, when the Hon. Member for Trinity was on the Government side and was obviously voting for these kind of measures, interest rates went as high as 23 per cent. The unemployment rate reached almost 13 per cent. Inflation rose about 12 per cent. Many small businesses went bankrupt. Some families lost their homes because due to high interest rates, they were unable to meet mortgage payments. The deficit rose from \$13.3 billion to \$38.3 billion, almost tripling in size during those four and a half years.

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Let us now look at what has taken place since September, 1984, to the present. Since September of 1984 interest rates have fallen by 4.8 per cent. On a five-year, \$50,000 mortgage that means a saving of \$132 a month or \$1,584 per year for the home owner. Unemployment has fallen from 11.7 per cent to 9.7 per cent today. Youth unemployment has fallen from 18.3 per cent to 14.4 per cent. Inflation has remained in the 4 per cent range for two and a half years. That is the most stable price environment we have enjoyed since 1971. On a seasonally adjusted basis housing starts are up 67 per cent since September of 1984. In my riding some construction companies are having difficulty finding workers because the demand for new houses is so great. When we took office the deficit was running at \$38.3 billion. That is now down to a projected \$29.3 billion for the fiscal year 1987-88. We have had a decline in the deficit for three years in a row for the first time in 30 years. That is a very significant achievement given the size of the deficit when we took office. We also have to remember that interest has to be paid on the deficit. When you cut the deficit from \$32 billion to \$29.3 billion you are also cutting the amount of interest you have to pay. Looking at the amount of interest we have saved also indicates the tremendous progress we have made. We still have a long way to go, but at least we have made an excellent start.

During the 1980-84 Liberal Government, spending grew by an average of 15.1 per cent. Even before the recession Liberal Government spending rose, in 1980-81, by 14 per cent. The Liberals cannot use the excuse of an increase in spending because of the recession. They were already doing it before the recession started. From September, 1984, to the present this Government has cut the spending increase to an average of 3.9 per cent or just under the inflation level. Therefore, for the first time in 14 years, public debt charges are growing more slowly than the economy.