

*Borrowing Authority*

We now come to February, 1973. The Liberals had been returned as part of a minority Government and needed the parliamentary support of the New Democratic Party. The Finance Minister said: "Cutting taxes, instead of increasing spending, reflects the government's determination to impose restraints upon its own spending." It did cut personal taxes. They fell by some \$1.3 billion. What about reducing spending restraints? In the fiscal year of 1973-74, spending jumped 17 per cent.

May 6, 1974 was another pre-election Budget. For the fiscal year 1974-75, spending went up 28 per cent. There were further cuts in revenue, too. The sales tax on building materials was cancelled. Personal income tax credits were increased. The \$1,000 exemption for interest income was introduced. Finance Minister Turner said he would hold the deficit to much the same effective level as the previous year to help counter inflation. The deficit was over \$2 billion.

We now go to June of 1975, one year later. The Finance Minister said: "The Government proposes to set an example of restraint in this regard by imposing strict control over its activities and programs". Inflation was running at 10 per cent. With indexing, government revenues climbed only 8 per cent while spending had soared 20 per cent. The deficit had gone from \$2 billion to \$5.7 billion in just one year. It almost tripled.

In May of 1976, after the introduction of wage and price controls, Finance Minister Macdonald said: "In recognition of the widespread feeling among Canadians that present circumstances demand restraint in government spending, the Government has stated that the trend in total spending by all Governments in Canada should not rise more quickly than the trend in Gross National Product". In the March, 1977 Budget, interest payments came to \$5.5 billion which was about half of the \$10.4 billion deficit.

In his last Budget, the Finance Minister told Parliament, "For some time, our policy has entailed a sizeable deficit. As the slack in the economy is taken up, the deficit will be reduced". That comment was made in 1977, some 12 years ago.

We move to April of 1978. This was Jean Chrétien's first Budget. As spending rose 10 per cent, the Finance Minister said: "We have all come to expect too much of the economy. Governments increased their spending too quickly. The expenditures of all levels of Government in Canada have since been brought under control". Then we come to a Budget in December, 1979. Spending growth was pared down to 8 per cent. Why the reduction? Because this was the Budget introduced by Finance Minister Crosbie. Short-term pain for long-term gain. At that time the Conservative Finance Minister said: "The most fundamental element in our plan to lower the deficit is severe restraint over government expenditures." That was the Budget that included the 19-cent a gallon increase. After that election we saw the introduction of the litre and within a year we saw the price of gasoline increase some 60 to 70 cents a gallon.

• (1240)

On October 28, 1980, Allan MacEachen's first Budget included the dramatic National Energy Program. Interest payments were \$10.7 billion which accounted for three-quarters of the annual deficit of \$13.5 billion. The Finance Minister said: "A major item in the Budget is the interest we have to pay on the public debt. We must slow down the growth of the public debt charges. This is one of the reasons I am determined to reduce the deficit". Here, one year after the Conservatives had introduced spending of some 8 per cent, and Finance Minister MacEachen saying that he would reduce the deficit, he put forward increases of some 17 per cent in spending for the fiscal year 1980-81. That was especially ironic, because he said he would have strict control over the rate of government spending.

We now move to November, 1981. Again the Finance Minister predicted that the deficit that year would be much lower, \$10 billion compared to \$11 billion the previous year. By the end of that fiscal year, the deficit had increased to almost \$15 billion.

In June of 1982, the Government said: "The Government cannot responsibly add to the deficit. It has to reallocate resources. The last Budget put in place a structure of revenues and expenditures that should, when recovery gets fully under way, gradually lower the deficit." During that fiscal year, the deficit nearly doubled to \$27.8 billion.