

Government Orders

bit of an escape hatch if he missed on his projections that time around.

What he projected then was a budgetary deficit in 1990-91 of \$28.5 billion. He was off by \$2 billion as it turned out. He thought by 1993-94 it would be \$14 billion and by 1994-95 he thought it would be \$10 billion. Well, what happened under the ambitious five-year plan?

In 1988-89 we had a deficit of \$28.7 billion. In 1989-90 we had a deficit of \$29 billion. In 1990-91 we had a deficit of \$30.5 billion. In 1991-92 we are expecting a deficit of \$31.4 billion. Under the five-year plan for reducing the deficit, it rose from \$28.7 billion to \$31.4 billion. I guess that is what that minister might call progress. With that legacy it troubles me when I get out the 1991 budget and this year's budget and see the five-year projections. There is no adjective for the projections, neither clear and realistic nor ambitious.

Here is what they said last year was going to happen and what they are saying this year is going to happen. Last year they said that between 1991-92 and 1992-93 the deficit would drop by \$6.5 billion to \$24 billion. This year they are saying that it will drop to \$27.5 billion. Last year they said it would drop to \$16.6 billion in 1993-94, now they are saying it will drop to \$22.5 billion in 1993-94. Last year they said it would drop to \$10 billion in 1994-95, now they are saying \$14.5 billion in 1994-95. Last year they said it would be down to \$6.5 billion in 1995-96, now they are saying \$8.5 billion. If the former minister had achieved what he set out to achieve in 1984, we would not be looking at these large numbers today.

What is the history behind this? We had in the 1980s a period of exceptional economic growth, continuing and prolonged. I am sure the current minister would agree that the idea is to reduce the deficit in good times so that you have the resources to fight recessions in bad times. What happened in the good times of the 1980s? This government talked about deficit reduction and managing, while increasing taxes many times to increase the deficit virtually every year, year after year. At the same time it managed to reach the targeted debt which the bad old Liberals would have produced if their policies had not been changed in 1984. In other words, the government failed totally in what it claimed to be able to do and what it set out to accomplish.

There are some other fundamental concerns about the economic policies that have been pursued by this government and its ability to achieve economic projections based on what it has done in the past. Let me start by going back again to that 1984 statement by the former minister.

I am sure you have heard, Mr. Speaker, that the government has alleged that when it came into office, the deficit was \$38 billion. It has been said many times on the other side of the House that was the deficit at the end of the fiscal year 1984-85. This government was elected half way through that year. When the Minister of Finance came into the House in November, having looked at the books, he proposed a number of serious policy changes. He said that had he not proposed those changes, and I quote: "With no policy changes the deficit for this fiscal year would be \$34.5 billion". That was in November 1984.

By the end of March 1985 he had managed to run it up to \$38 billion. Then he spent the last seven years going around Canada claiming that the Liberals had left a deficit of \$38 billion.

Let us look at what has been happening throughout the mandate of this government. We have experienced a recession over the last year and a half that was clearly induced by the need claimed by this government to pursue a monetary policy that would control inflation. We have to ask ourselves how we got into inflationary times five years into the mandate of this government.

I suggest that the answer lies in the decisions made in 1987-88. It was a very rapidly expanding economy in those years, with growth in 1988 of almost 5 per cent. What policies did the government pursue at that time? It pursued policies of tax cuts with the first phase of tax reform in 1987, coming into effect in 1988.

You will recall that interest rates began to rise sharply at the end of November 1988. I find it more than a little strange that when the economy was growing that quickly that prudent managers of the economy would bring in both tax cuts and a relaxed monetary policy. Is it mere coincidence that we had a general election on November 21, 1988? I do not think so.

I suggest that more prudent policies pursued in the mid-1980s by the present government might have been less popular at election time but would have preserved