

The recession has led to low growth and high unemployment in a lot of countries, Canada included. Part of the reason we have such difficulty right now is our mounting debts. This is what the member who just spoke concentrated on. He tried to pin exclusive blame on the government for the fact that the country's debt has literally doubled in the last eight years, and he is perfectly correct.

He is absolutely correct and I am not going to dispute it for a minute and this is one of the reasons I had to stand in this House and apologize to my constituents. That debt has doubled. It is a matter of fact, it is there, we have to deal with it. At the same time we need to make sure my constituents and all Canadians are informed about how that happened.

• (1630)

In terms of our debt our fiscal position is the second worst among the G-7 countries, among the seven largest western industrialized countries.

On a national accounts basis, our deficit last year was 6.1 per cent of our gross domestic product. That is totally unacceptable.

The figures for Canada's total public debt now add up to 48.5 per cent of our gross domestic product on a national accounts basis. Again, we are second worst among the G-7 countries. Only Italy has a worse record than Canada right now.

I would like to go back and try to understand how we got into this pickle. Why is the country in such a mess? A lot of people do not like it when politicians stand up and blame other politicians, blame history, or blame past governments or governmental actions for the situation we are in today. I tend to agree with them. It is a bit annoying.

I do want to stress that actions taken today have consequences for tomorrow. It is true today, in 1992. It is true for 20 years ago and it is true for 25 years ago. The actions we take in one day have consequences far down the line.

When I was a journalist I covered an economic summit conference of the G-7 countries in Venice. At the time the finance minister of Canada was Allan MacEachen. I remember chatting with him in Venice as a journalist. He had just unveiled a budget which had a very sizeable deficit for those days of \$8 billion.

### Supply

A lot of us in the financial press were scandalized that the Government of Canada had brought in a deficit that was that high. I remember asking MacEachen—this was about 14 years ago—whether he was concerned about the consequences in the future of the deficit in the budget he had brought in that day. The finance minister at the time said: "No. We run deficits as a normal course of events. We subscribe to deficit financing".

Was he right, and did they ever.

During that period of time that I was a journalist I was trying to get the finance minister to explain how Canada was going to be helped by running an operating deficit. In the 15 years before 1984 program spending in this country increased by an average of 14 per cent a year, which was nearly two full percentage points faster than the economy was growing. Spending was growing faster than the economy.

At the same time the tax base had deteriorated because of tax exemptions.

By 1984-85 when this government came into office, when we inherited that \$168 billion deficit the members opposite have just been talking about, program spending exceeded revenues by \$16 billion a year and the government was spending \$1.33 for every dollar it was collecting in tax revenue.

The growth of the government debt had become self-perpetuating by that point. Those deficits that the finance minister told me at the economic summit he was not worried about had suddenly accumulated to the point where the deficit itself was growing cancerously.

The compounding nature of the debt ensured that it would only be harder to deal with in the future. I have just quoted right out of *Investing in Growth*, which is one of the documents tabled last Wednesday by the Minister of Finance.

What the minister was talking about was what the Minister of Finance was not talking to me about 15 years earlier, and that was the magic of compound interest. It is true that the \$168 billion debt in 1984-85 has become one of more than \$400 billion today.

All of the additional debt that has been added since 1984 has been through compound interest. There has been no new debt added because of any actions taken by this government. Not a cent has been added to the debt by this government adding on to it.