

The Budget—Mr. Vien

country but as the best country to which to go for research.

• (1730)

[*Translation*]

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Laurentides (Mr. Vien).

Mr. Jacques Vien (Laurentides): Mr. Speaker, I am grateful for this opportunity to make my maiden speech in this House.

First of all, I wish to very sincerely thank the people of my beautiful riding of Laurentides for their trust on November 21st.

Since 1984, Mr. Speaker, the solid economic record of our Government fully demonstrates the soundness of its policies. We have created a million and a half new jobs and our economy has witnessed a quicker expansion than those of most other industrialized countries. We have achieved these goals together, both as a Government and as a nation, because we have been able to make difficult choices and to take stringent measures to deal with our economic and financial problems.

However, Mr. Speaker, these achievements are now being threatened by growing inflationary pressures both here and abroad.

As the result of these pressures, short-term interest rates are rising; they are higher today than we generally expected them to be hardly a few months ago. Early in 1988, most economic forecasters had predicted that the impact of the October 1987 crash would slow down the economic growth of industrialized nations to more sustainable levels. None of these forecasters had predicted the rapid growth and inflationary pressures which have been recorded in Canada and in other major industrialized nations.

Economic growth has been very strong, and Canada and countries abroad had to tighten their monetary policies to curb this inflation.

Failure to act now will result in a greater threat to our economic stability due to greater inflationary pressures and higher interest rates which could lead us in to a recession.

Mr. Speaker, the Minister of Finance (Mr. Wilson) has recognized that many Canadians are frustrated by the

increase in interest rates. Some are even suggesting that the Government should order the Bank of Canada to lower them. But interest rates move in relation to other economic factors, and therefore cannot be dealt with independently.

Mr. Speaker, inflationary pressures are responsible for high interest rates. To attack the symptoms instead of the causes would not solve the problem.

And we will not succeed in controlling inflation by increasing the money supply. Rampant inflation always brings about higher interest rates. Such inflationary spiral is a recipe for economic disaster.

Mr. Speaker, the Government will not make that mistake. Let us not forget the inflationary outburst and explosion in interest rates of the early eighties.

The erosion of confidence in the economy, the collapse of growth and employment in all regions of Canada and above all the immeasurable damage done to millions of Canadians.

As the Finance Minister said, he expects inflation and interest rates to slow down in the mid term. This will allow the economy to grow on average at its potential rate of 3 per cent between 1991 and 1994. But that potential growth rate will not be reached automatically.

Mr. Speaker, we must put in place firm, moderate and coherent budgetary and monetary measures that will keep us in the right direction, to bring down inflation and interest rates and prevent them from rising again. We must follow a realistic and responsible policy in which the short—and medium term—risks are well balanced.

Through its Budget, the Government is seeking to guarantee the future and not mortgage it. That is why the Budget comes firmly to grips with the main obstacle between us and that future: the problem of an increasing debt.

The measures in this Budget reflect the seriousness of the debt problem we are facing. We also tried to make sure the whole package was balanced, took into account regional considerations and fell more heavily on those most able to bear it.

Mr. Speaker, as a Government, we are acting with determination to reduce expenditures and to improve our efficiency and our operations. We also ask to all