

*Oral Questions**[Translation]***PUBLIC DEBT**

**Mr. Paul Martin (LaSalle—Émard):** Mr. Speaker, my question is for the Minister of Finance.

In 1984, when this government took office, the net public debt was 46 per cent of the Gross Domestic product. Today it is more than 62 per cent. Yesterday, the C. D. Howe Institute told us that we are on the verge of a financial crisis. For example, the European Community has set a threshold of 50 per cent for its new members.

Given that this debt is the result of its policies, what exactly is this government's objective and when does it think it will reach this objective?

*[English]*

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, the plain fact of the matter is that this government has been operating in the black since 1987. What has been the drag is the inherited debt we took over from the Liberal government. If there had not been a debt inherited, today we would have a surplus of \$20 billion.

We have cut the deficit from \$38 billion. As a percentage of GDP we have cut it from 8.7 per cent to about 4.8 per cent. We are on a fiscal track which will bring the budget into balance as soon as we can get some growth into the economy.

The fact of the matter is the problems with Canada today result from the inherited debt that was left by the Liberal government. When the Liberal Party suggests that it has a plan for deficit control, its record was an average increase of program spending of 14 per cent over the last 15 years. We have cut it to below the rate of inflation.

**Mr. Paul Martin (LaSalle—Émard):** Mr. Speaker, the problem is not the inherited debt of a decade ago. It is the nine years this country has lost under this government.

This government loves to cite the C. D. Howe Institute. Let me cite from the C. D. Howe report referring to this government: "When the economy was booming in 1988, they increased spending and cut taxes; when we went into a recession, they increased taxes and cut

spending. They have made the booms worse and the busts worse".

What will it take for this government to stop blaming others? What will it take for this government to realize that we are indeed in a crisis and it is a direct result of eight to nine years of gross economic mismanagement by this front bench?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, if the hon. member wants to quote from the C.D. Howe report, I can do that too.

Ed Neufeld said: "I was listening to the year-end speech of one of our political leaders," and that happened to be the Leader of the Opposition. "Very gently, he was saying: 'Let's just accept more inflation'. 'Accept more inflation'—there are a lot of people who are—ready to hear that message". As a matter of fact, he wants to abandon Canadian monetary policy. He wants the Americans to run our monetary policy.

I ask the hon. member where has he been on the 12 or 13 bills that we have brought in to contain expenditures? He has voted with his party against every single solitary measure.

It is rather interesting that the Leader of the Opposition did not raise this question. When he was in charge of the cash register as President of the Treasury Board, he increased program spending at the rate of 16 per cent per year.

**Hon. Herb Gray (Windsor West):** Mr. Speaker, I also have a question for the Minister of Finance.

Yesterday on television he said that his government had not added five cents to the public debt since it was in office. In 1984, when the government took office, the public debt was \$168 billion. Now, almost nine years later, it is over \$423 billion.

As far as I am aware, we have only had his Conservative government in office in those nine years. So I ask the minister: When is he going to stop trying to fool Canadians and the truth of what has been happening since his government has been in office? That is that it has created an economic mess for Canadians. Canadians simply do not believe him when he tries to blame all this mess on others than himself.