

From 1984 to 1989 we had a made-in-Canada growth in this country which was second only to that of Japan. A million and a half new jobs were created by Canadian businesses here. Again, a made-in-Canada boom in this country. The growth that we have seen, the second longest period of continuous growth in the post-war period, has resulted in real benefits to the standard of living of Canadians: from 1983 to the present, a 16 per cent improvement in average per capita income, after inflation, after income taxes. That amounts to an \$8,000 improvement in the purchasing power of the average Canadian family.

Credit growth was getting out of hand though, Mr. Speaker. We had credit growth. Consumer credit reached a peak of 15 per cent. In June it was still a 10.2 per cent increase, almost double what it was in the United States.

Business credit growth, again 2 percentage points higher than the United States; mortgage credit growth, 16 per cent in the month of June—that is twice the rate of growth of our economy and about two and a half times the rate of mortgage growth in the United States.

Unit labour costs, one of the best measures of our competitive position, which my hon. friend is concerned about and his colleague from Etobicoke North was concerned about earlier in Question Period. We were seeing an increase in our unit labour costs a good deal higher than the United States and about twice as high as the rate of growth in Germany and Japan. So we needed a firm monetary policy to deal with the problem that we have today.

My hon. friend talked about the problems of 1981–82, saying that they were quite different. In Canada they were the same. The economy was growing more quickly than the capacity of the country to handle. It was for that reason that we had to impose the higher interest rate policy in Canada, to deal with this Canadian problem. I make no apologies for that.

What we have done, Mr. Speaker, is to be sensitive. We listened very carefully to what is happening in the economy. I know there are tough times out there. I talked to businesses that are closing. I talked to people who have lost their jobs. I take no satisfaction whatsoever in that. But I do know that if we had ignored this problem, the problems we would have faced in six

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months, nine months, a year, two years down the road would have been far more serious, far more disruptive, far more damaging to the prospects of Canadians than is the case right now. We have this problem under control now to a far greater extent than—again, let me remind you—is the case in Great Britain.

We have had made-in-Canada growth. It developed into a made-in-Canada problem so we imposed a made-in-Canada solution so we can have made-in-Canada strong non-inflationary growth into the future. This is what my hon. friend, my hon. colleague from the Liberal Party is asking for, a policy response and a clear sense of direction to Canadians as to the policies that we are following and where this is going to take us as a country.

What I find very difficult to accept, Mr. Speaker, is the continued allegations on the other side that we could have a reduction in interest rates just by snapping our fingers.

These people should listen to what the Economic Council or what the three business groups that my hon. friend referred to just a minute ago said. They said: "The only way you are going to get interest rates down is to control government spending, not just the Government of Canada, but all governments because all governments are part of this problem." That is a clear message that came out from the business groups last week.

My friend is selectively ignoring these words. He is selectively ignoring the proposals, the prescriptions that these organizations have come up with. They say: "You have to get the deficit down." You cannot just snap your fingers and hope for lower interest rates. Interest rates will only come down if the circumstances are right to support lower interest rates.

This is where I have the greatest difficulty with the policies of the Liberal Party. It says: "Your fiscal policy is wrong. You should have a lower deficit. You should have lower interest rates." Then, what do we hear from them? We just heard the best example.

There was a vacuous, totally empty response when I asked what the alternatives were. What are the things that the opposition parties are suggesting we should do to get the deficit down to allow us to get the interest rates down? There was an empty response, and my hon. friend knows it. I think he is embarrassed about it, but that is what his leadership has told him to do.