

*The Budget—Mr. Loiselle*

What kind of Canada will we leave our children? A Canada with social programs to which we are attached. We must leave them a high standard of living and we must leave them economic freedom, sovereignty at home and respect abroad, as well as a sensitive, reasonable and responsible government. That is the Canada we must leave our children. And the Budget, Mr. Speaker, is designed to attack a major national problem that prevents Canadians from having a better future for themselves and their children. This problem is our large and growing national debt.

Only 20 years ago, Canada had no deficit and our total national debt after a century of Confederation was just \$18 billion. The service charges on our debt were well within our means. The problem began shortly after, about twenty years ago, the problem of annual deficits. They were relatively small at first, but year by year they increased and started to be a burden. By 1984, the debt had grown from \$18 billion to nearly \$200 billion. The annual deficit exceeded \$38 billion.

At the present time, the \$320-billion debt puts great pressure on the economy and on our ability to provide Canadians with the social programs that set us apart. The sad reality of the debt is that it traps the country in a vicious circle. Every year, a greater effort is required of Canadians to produce additional revenue just to pay the interest on a growing debt.

The question all Hon. Members must ask themselves is whether we have the right to leave this huge debt as a heritage for future generations. It is easy to borrow from future generations, Mr. Speaker, because they have no say in the matter. They do not have a vote. However, they will have to suffer the consequences if we do not act.

Mr. Speaker, the Progressive Conservative Government was aware of the seriousness of the debt problem when it took office four and a half years ago. We took measures to control this problem. We eliminated programs that were no longer useful. We reduced waste and made government more efficient. Total program expenditures declined as a proportion of national revenue.

We also put an end to tax loopholes for businesses and high-income individuals. We reduced the annual deficit and it has declined sharply in relation to national income. For the fiscal year ending March 31, 1989, the

deficit was \$28.9 billion, nearly \$9.5 billion less than it was in 1984-85.

Our budget program was implemented as part of a comprehensive long-term plan to give the economy the dynamism it needs in a rapidly changing world that is increasingly competitive. Since 1984, we have been laying solid foundations for Canadians' economic potential.

We have modernized the regulatory framework for business. We have reformed the federal tax system and negotiated the Free Trade Agreement between Canada and the United States. We have encouraged research and development and improved occupational training programs. Thanks to our action on the economy, Mr. Speaker, we have been able to create a climate where Canadians can face the economic challenges of a world of merciless competition.

*[English]*

The record shows just how well Canadians responded. Since 1984, Canadians have created 1.5 million new jobs and our economy has expanded faster than most other industrial nations. We made this progress together as a Government and as a nation because we made tough choices and we took strong actions to deal with our fiscal and economic problems.

The overriding fiscal policy objective of this Government is to continue getting the public debt under control through deficit reduction and to reinforce the policies that have helped to achieve our record of fiscal progress.

However, that progress is at risk because of rising inflationary pressures here and in other countries. In response to these pressures short-term interest rates have risen. They will be much higher this year than was widely expected even a few months ago. In early 1988, most economic forecasters expected that the world stock market plunge of October 1987 would slow the growth of industrial economies to more sustainable levels. Nowhere, not in Canada or any of the major industrialized countries, did forecasters project the rapid growth and inflationary pressures that emerged. Growth has been very strong and monetary policy has tightened in Canada and abroad to contain inflation. We must not forget the explosion of inflation and interest rates in the early 1980s, the shattering of economic confidence, the collapse of economic growth and employment in every region of Canada and, above all, the enormous damage inflicted on the lives of millions of Canadians.