

"With no policy changes the deficit for this fiscal year would be \$34.5 billion". That is in November 1984.

By the end of March 1985, he had managed to run it up to \$38 billion. Then he spent the last seven years going around Canada claiming that the Liberals left an annual deficit of \$38 billion.

In the interests of keeping the record straight, surely the government will take responsibility for the last \$4 billion it added on between November and the end of March when it shoved through every possible expenditure in the hope that it could build up that deficit and then claim to have reduced it in percentage terms over the following years.

Let us look at what has been happening throughout its mandate. We have experienced a recession over the last year and a half that was clearly induced by the need, claimed by this government, to pursue a monetary policy that would control inflation.

You have to ask yourself how we got into inflationary times five years into the mandate of this government. I suggest to you, Madam Speaker, that the answer lies in the economy of 1988. It was a very rapidly growing economy. It grew close to 5 per cent in 1988. What policies did the government pursue at that time?

It pursued policies of tax cuts introduced in the first phase of tax reform in 1987 and it pursued a policy of relatively lower interest rates. You will recall that the interest rates began to increase sharply at the end of November 1988. I find it passing strange that when the economy was growing that quickly that prudent managers of the economy would bring in both tax cuts and low interest rates.

The only explanation that I have been able to think of is that we had an election in this country on November 21, 1988. As a result by 1989 Governor Crow was appearing before the finance committee saying that he had brought interest rates up very sharply in order to address the very fast economy that we were experiencing and had been experiencing through the end of 1988, rapid wage increases, a very hot housing market in southern Ontario.

Government Orders

I suggest that more prudent policies pursued in 1988 might have been less popular at election time but would have preserved the growth in the economy on a more sustained basis through 1990. Our recession need not have been induced by the government. One and a half million Canadians need not have been put out of work, even if we are arguing on the government's own terms.

Furthermore, throughout its mandate the government has failed to ensure Canada's future economic growth by failing to pursue policies intended to build a skilled and adaptive work force, more scientific research and development and more aggressive multilateral trade relations.

Its policy has been quite clear. It addressed one kind of deficit alone. It only addressed the financial deficit. It has failed to address the deficit in spending on research and development. It failed to address the deficit in training, in education. Why is it that in a country like Canada 30 per cent of our high school students drop out before completing school? Why is it that we have a high illiteracy rate? How on earth are we going to compete, not with the Mexicans but with the Japanese and the Germans, and even the Americans? If the government only focuses on one deficit, it will create deficits in many other areas.

What about the deficit in our infrastructure? Why is it that across Canada roads and bridges and sewers are breaking down, and governments at every level are feeling the strain of maintaining those resources? They are key to our future economic development. Sometimes you have to spend a dollar to make a dollar. I think that is how the business community would describe it.

Why is it that this government pursued a bilateral free trade agreement with the United States of America promising, and I quote, "massive adjustment programs", and delivered on none of the training programs or adjustment programs that were so necessary to ensure that our work force continued to be employed during the difficult adjustment phase that necessarily followed the implementation of that agreement? When the agreement was combined with an increase in the Canadian dollar, from about 76 cents when the trade agreement was negotiated today at 88 cents, how on earth did the government expect Canadian manufacturers to compete without any assistance?