

us on every occasion that the debt must be reduced, but the debt has been growing faster than our economy.

• (1120)

Since the Conservative government took office the national debt has more than doubled. It has risen from \$170 billion in 1984 to almost \$400 billion by the end of this year. That has been allowed to happen despite an unbroken period of economic growth beginning in the early 1980s. And yet the deficit is expected this year to exceed that of last year and is expected by some to approach the record level in the post-recession year of 1984.

We Canadians all know that the Minister of Finance's forecasts about his deficit have frequently been wrong, almost consistently wrong; so too have his forecasts about interest rates. Indeed, his interest rate forecasts for 1988 and 1989 were wrong. Certainly those for 1990 will be as well. The 1985 budget tabled soon after this government came into office forecast the annual deficit to be only \$17 billion by the end of this decade. And yet here we are at the end of the decade, and the government has not reduced the deficit to \$17 billion. It is much more likely to be more than twice that amount, \$34 billion or more.

Earlier this year the Minister of Finance forecast a budget deficit of only \$28 billion. He based that forecast, which is bound to be erroneous, upon an average rate of interest of 11 per cent this year. But now that it is October and we are well through 1990, it must be evident to every Canadian that average interest rates this year are not going to be 11 per cent; they will average closer to 13 per cent or 13.5 per cent.

This is where the failure of the government to provide Canadians with a budget, offering hope and stability in our economy becomes most evident. The Minister of Finance makes much of the undeniable fact that the government has reduced its official spending. All Canadians are aware of that. All provincial governments, all pensioners, all patients in hospitals, all students and a myriad of other Canadians are fully aware that the government has been reducing its spending. But what should be profoundly unsettling to this government, and indeed to all Canadians, and what gives rise to our motion today is that despite such reductions as it has made in its official spending both the debt and the deficit of Canada continue to increase.

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Why is that so, Mr. Speaker? There are two reasons, basically. One is that the government has not related its reductions in spending and, principally, its reductions in social spending, to any broadly based reforms. It has offered Canadians no other vision of the future than curtailing spending on present social programs. It offers no coherent policy of social development in our country. It offers no program of education support or of retraining. It offers no programs of support in the medical field or in terms of unemployment assistance, other than to tinker with and reduce the programs that past governments have put into place.

A major problem with this government's economic policy—and one major reason why it has placed itself in a position where both the deficit and the debt continue to increase despite its protestations to the contrary—is interest rates, a subject of which all Canadians are painfully aware.

We know that interest rates are already playing havoc with the forecast of the Minister of Finance for 1990. For example, the minister recently forecasted a likely deficit of \$30 billion this year instead of the \$28 billion that he had earlier forecasted, but all economists, observers and commentators know very well that even the minister's revised estimate of \$30 billion is substantially lower than the deficit that this government will incur this year.

And yet, despite its protestations during a time of real economic prosperity, the government has failed to do what it set out to do. Further, with recession now upon us, social costs will go up as unemployment increases. Tax revenues will go down.

Interest charges on the debt now equal our annual deficit. The reason why interest on the deficit is so high is simply because interest rates are so high. The reason why interest rates are so high is because this government has relied solely on the Bank of Canada to combat inflation through high interest rates.

Fighting inflation by high interest rates only works when the high interest rates bring on a recession. And that is precisely what we see in Canada today. By the end of July, Canada had experienced six consecutive months of negative growth. Translated into more tangible and immediate terms, that means that unemployment has again increased in our country in September, reaching 8.4 per cent nationally. Regionally, of course, that unemployment rate is much higher, reaching 17 per cent in Newfoundland. Housing starts have fallen yet again this month, as well as last month and the previous