

is to create employment. A short while ago, the Hon. Member for Vancouver Quadra, the Leader of the Opposition (Mr. Turner), said this: "You do not have to be a genius to increase taxes". Mr. Speaker, the man who said that was once Minister of Finance. He is the father of the Canadian deficit. He gave the Government a deficit of \$56 million within 43 months. This is what he did. For our part, we took over a Government with an accumulated deficit of \$200 billion which still increases by \$35 billion to \$40 billion a year. With a 10 per cent interest rate, we would reach \$100 billion in 20 years if this were to keep up, I repeat that, with an interest rate of 10 per cent, we would be paying \$100 billion in interest each year. However, we now have a budget of about \$116 billion. This means that nearly all the budget would be needed to pay the interest on the debt. That would be ridiculous and we could not accept it.

For the benefit of the Canadian public, I would like to quote a few comments of the Institute of Chartered Accountants, who said in December 1985: "Discussions on the deficit are disconcerting and the facts are not encouraging. In 1983, the International Monetary Fund stated that in relation to the size of its economy, Canada had the largest deficit of the seven industrial powers of the Western World. An increasingly huge drain of federal Government funds is the price to be paid for servicing the public debt resulting from deficit accumulation."

And they added, concerning public reaction: "Whatever theorists may say, whether in support of or in opposition to serious government deficits, it is undeniable that the general public is concerned with the federal Government deficit. This was shown by a survey made in 1983 by Decima Research Limited. As was shown by that survey, the public feels that when times are hard, the government should restrain its expenditures and manage its finances as prudently as any average Canadian family. Although such a household view of the economy may not be very subtle, it shows deep interest in the country's economy and its impact upon present and future generations. It now seems clear that aside from all considerations, government deficits are a cause of concern to the people. Such concern indeed is undermining public confidence in the economic and political institutions and, in the long run, will no doubt affect this country's economic yield.

Mr. Speaker, it was so serious that Mr. Kenneth Dye stated: "The deficit for fiscal year 1982-83 in the case of the Liberal government showed a \$5.3 billion underestimation." This means they literally hid the deficit at that stage.

Well, Mr. Speaker, I believe we have a Budget that is both responsible and realistic. It is realistic because it reflects the disastrous economic and financial situation we have inherited. Because, among other things, we are sticking to our goal of reducing that deficit by some \$4 billion a year, from the original \$38.2 billion to \$33.8 billion this year, and in our projections to \$29.8 billion.

Borrowing Authority Act

Why is this also a responsible Budget, Mr. Speaker? Because it is directed to job creation. And in that area, there is tremendous confidence in the small and medium-sized businesses. We brought the taxation rate back from 15 to 13 per cent, and we put our trust in private enterprise. There are 700,000 small and medium sized businesses in this country, and they generate most of the jobs.

Also, we help the most in need in our society with our \$300 tax credit per child, per family. This is another measure that will enable families most in need to manage more easily through these difficult times.

Also, our Government is injecting \$300 million in research and development.

There are also employment programs for social welfare recipients. For the first time, our Government is earmarking \$100 million for the poorest people in our community.

We are also helping the cultural sector with \$75 million.

Now, that is a set of measures that will enable the poorest Canadians to meet their needs while creating additional jobs. Our performance in a year is rather impressive. We have created 585,000 jobs and have reduced the unemployment rate to 9.8 per cent which is a creditable performance even if the effort must be carried further.

Our first year is a token of confidence and success which Canadians should continue to take into consideration.

Our inflation rate has also been controlled at 4 per cent which is also another very good performance which should be maintained.

Mr. Speaker, I would also like to refer to the comments made this morning by the Hon. Member for Windsor who said that we were not sticking to our commitments. I am rather surprised to see the Members opposite trying to lecture us.

I remember a few years ago and, no doubt, you do also remember, Mr. Speaker, an election campaign during which the then Liberal Government had bragged throughout the country that they would never freeze salaries. You remember it because we heard about it for so long. However, once elected a few months later the Government did freeze wages and salaries. Therefore, I think that before lecturing others they should consider what they have said and done.

Mr. Speaker, we told Canadians that we wanted to restore the health of the economy, reduce the deficit and create jobs. This is the policy we are maintaining, and I believe our results have been excellent so far.

● (1720)

[English]

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, it is an interesting challenge to talk to the borrowing Bill, Bill C-99, because it is really a statement on the philosophy and policy of the Conservative Government in respect of where it believes