

responsibility, and they have been continued ever since in a consistent and progressive direction.

In 1986 the deficit was cut by \$4 billion again to less than \$31 billion. In 1987 it was reduced by \$3 billion more to \$28 billion, a decrease of over \$10 billion in the deficit in a three-year period.

[*Translation*]

Mr. Speaker, before getting any further, I must perhaps underline that \$10 billion reduction because it is an important achievement. A decade ago, in 1978 for example, that amount was equal to the total debt of the Canadian government. From that day until the Liberals were defeated in 1984, the deficit inflated by almost 400 per cent. Our success in reducing it by over a fourth or \$10 billion signals an evolution in the management of Canadian which gives us some hope for the future.

[*English*]

Now, as we stand on the threshold of the 1990s, despite the dramatic turn in direction over the past four years, we are faced with the compounding impact of 20 years of deficit financing. The steamroller of total net debt of the country has grown by 12 times, from about \$30 billion in 1968 to \$360 billion in 1988. That avalanche of debt cannot be stopped easily and was certainly not caused by the Conservative Government or by the Minister of Finance. In fact, they have been the only ones even able to slow it down.

The momentum of growing debt was caused by living beyond our means for 20 years with deficits rising almost without interruption. Complex developments in the world of finance now have caused one dramatic new factor to be added in recent months, that being rapidly rising market interest rates which have severely intensified government expenditures for interest on the debt. In the current Budget these interest charges are up \$6.4 billion over last year, totalling almost \$40 billion in 1989-90, which will be 27 per cent of total government spending.

That interest cost is by far the largest item in the Budget, and by comparison, the next two largest items are transfers to other Governments at \$24 billion and transfers to citizens at \$23.5 billion. The arithmetic is simple but stark to behold. It clearly means that our growing interest expense is eroding the two most significant programs of government spending—support to

provinces for health, education and regional development, and support to citizens for social security.

The Budget—Mr. Bird

Unless we can stop the growing rate of debt service charges each year and turn that rate around so that it begins to reduce, sooner or later we shall face the reality of becoming financially insolvent as a country, unable to afford the basic programs on which our Confederation exists and our quality of life depends. It is not difficult for average Canadians to understand these circumstances, and they certainly have every right to ask how we got into this mess. The clear answer is that it is much like a family spending out of control. We have been living at costs which exceed our income. As with a family, the only real solution is a twofold one—to lower spending until we can afford to pay our way and to raise new income wherever we can realistically earn it. It is exactly that kind of policy direction which the Government has been pursuing and which the new Budget continues and intensifies.

This Budget is a message of responsibility and determination, but it is also a message of hope because it has been introduced with the vision of a fiscal plan that points us toward real progress over the next five years, a plan that directs us toward the threshold of a balanced Budget, a plan that permits us to see the real possibility of starting to pay down our debts in the mid-1990s, a feat that presently seems beyond imagination.

Those are the real foundations for economic stability in Canada, simple phrases that we all understand, to balance our budget and to pay our debts. These are national goals of financial responsibility to be shared by every Canadian except those most needy or incapable among us, until we have our fiscal house in order, until the mountain of debt can be reduced, until our prosperity can be sustained, and until our economic future is secure.

If there is another thing this Budget contains besides responsibility and determination, it is the rare quality of political courage, a quality exemplified by the Minister of Finance and by the Government. Political courage is very evident in the difficult decisions which have been taken to divert this Budget into a plan for positive action. I would like to speak briefly about three of these tough decisions to try to put them in perspective with the compelling priorities of deficit control and debt reduction which I have previously mentioned. Those three are