

developed this mentality that we can live off our credit and that we really do not have to pay the bills.

The day of reckoning is here. That day of reckoning actually started in 1984 for us when we took office. What happened in 1984 when we took office was simply this. As members on the front bench admitted in 1984, they had left the cupboard bare. There was no money anywhere. They thought that we would have such a tough time governing and have to face such tough music that we would never get re-elected. They took great delight in that. That happened to be the way it was.

The problem was on that \$200 billion debt that we inherited, we did not have the cash to pay interest on it. We had a structural deficit, a yearly deficit that added to the problem. What we were doing was to borrow money to buy the groceries. What has happened between 1984 and 1992, a period of eight years, is that that debt has compounded. The interest on that debt is compounded. Anyone knows that if you put money in the bank at 12 per cent interest for six years your principal will double with compounded interest. That is the way it works.

Unfortunately it operates the reverse when you owe money. Now we have an accumulated debt of over \$400 billion and we do not like it. Nobody likes it. Folks over there do not like it either. The point that I am making in reference to the U.S. is simply this. No matter who takes office tomorrow morning if we did have an election, we are facing the reality of some pretty tough music, as Bill Clinton is facing in the United States.

I wish Mr. Clinton the best of luck for a lot of reasons. He deserves the job, he worked hard for it, he had a flawless campaign and there is no question about it. It is argued in the States that the president squandered his popularity, that he should have dealt with the tough issues when his popularity was very high. The American people probably would have accepted that. He did not do it.

I hope the American economy does grow because it is a great trading partner of ours and it just happens to be one of the reasons why our position internationally is not worse than it is. The statistics prove that our trade relations with the United States and the free trade agreement are working in our favour.

Supply

This year our trade surplus with the United States will be at an all-time historical high. It should come in in our favour, that is, with a surplus of \$19 billion to \$20 billion. It is working. Therefore, we cannot allow ourselves to fall into that flawed logic that the opposition sometimes throws at us. It is working well.

If the American economy can pick up some speed and continue to grow, it should pay dividends to us as Canadians. After all, the U.S. is our biggest trading partner. We wish it the best of luck and Mr. Clinton too. We hope the U.S. can proceed down the road to economic recovery.

I want to compare as well today before I sit down our record with the record across the floor. Ten years ago today, Mr. Speaker, you were sitting here and I was not. At that time unemployment in this country was 13 per cent. Interest rates were at 22 per cent. I remember those because I was working in the car business and I had to scratch and work pretty hard to make a living.

Inflation peaked at that period at 13 per cent. I want to compare those three statistics with what is happening today in Canada. We do not take much pride in this, but unemployment today is 11.3 per cent, which is less than it was 10 years ago. We are coming out of it. We can talk a little bit about the increase in employment rolls today as well.

Interest rates today even after yesterday's big increase are at 9 per cent. The prime rate is 9 per cent. Ten years ago it was at 22 per cent. Inflation 10 years ago was 13 per cent and today it is 1.3 per cent.

What is happening is that we do have the fundamentals there. They are there and if the world economy can move out of the recession, the western world particularly, we are positioned to do very well.

I have last week's *The Economist*. It has charts in here and it is important that we look at these from time to time because when they rail against what we are doing as a government, they fail to recognize what we are doing in relation to the rest of the world, whether it is interest rates or something else.

I know we are taking a lot of heat on the interest rate increase from yesterday. It is remarkable. When you look at the economic and financial indicators that apply to the rest of the world, you will find that we are positioned very well. In terms of prime lending rates, there are only two industrialized nations on the face of the earth that have lower rates than Canada, and that has not always been the case. Those two countries for the sake of interest are Japan and the United States. The United