

Supply

Our policies have dramatically expanded the economy's potential to grow and create wealth over the last six years. This is the result of consistent, comprehensive action by the government to bring the national deficit under control and to free the private sector from structural barriers and burdens that impeded its efficiency and ability to compete.

The opposition talks about the need to preserve and create jobs. To do this, of course, we must be competitive. One of the prerequisites to ensuring our competitiveness is a stable, healthy, economic environment that encourages productive business investment. That is why the overriding agenda of the government since 1984 has been to create a more favourable economic climate for business by taking action in areas where we have a direct impact on the economy and where we can achieve the greatest long-term benefits.

The first of these areas has been to take action to reduce the deficit. Fiscal soundness is key to our competitiveness because it will free up domestic savings needed to finance the deficit. These savings then can be channelled into more productive investments, creating a more efficient and vibrant economy. That is what it is all about.

We have made significant progress in this regard. We have cut waste and inefficiency in operations of government. The size of the Public Service has been reduced by 12,000 person-years to the level it was in 1973. I hasten to add that our population in Canada has grown 20 per cent in this time. Government is responding to greater problems, greater challenges, and we have done it very, very well. The number of Crown corporation employees has been reduced by 75,000 people, partly through privatization, and partly through greater efficiency. Today the cost of operating the government is virtually the same as it was six years ago.

We have been successful in forcing the federal government to live within its means on the operating side. When we first came to office the federal government was spending \$16 billion more than it was taking in. Last year we had a \$10 billion surplus—

Some hon. members: Oh, oh.

Mr. Thorkelson: —on the program spending side and we expect a \$14 billion operating surplus this year.

Mr. Merrithew: They don't know what a surplus is.

Mr. Thorkelson: No, they don't. They have never had one—deficit financing for years and years and years, average increases of 14 per cent for them for about 20 years.

Our control over growth of the national debt takes longer to apply. In 1984 we inherited a \$200 billion debt. It was accelerating at a rate of \$22 billion a year. Now it is over \$300 billion, but I should remind hon. members opposite that 80 per cent of that is compound interest on compound interest on the Liberal debt. In effect, it is a Liberal debt that we are saddled with and which we must take care of.

By 1994–1995, our financial requirements will be in surplus. That means that within five years the government will be able to start buying back its bonds and treasury bills. The country will be on a clear path to reducing its debt substantially.

Consider how far we have come compared with other major industrialized countries. In 1984 Canada's deficit on a national accounts basis was 50 per cent higher than the average of the G-7 leading industrial countries. Now it is down to seven-tenths of a percentage point above the G-7 average. On the expenditure side, our performance in reducing program expenditures is better than that of both the U.S. and Mrs. Thatcher's United Kingdom.

I would like to point out that in his speech the member for Ottawa South was talking about investments.

He laughs now when we talk about reducing program expenditures, but he said he wants to add to the deficit. He wants to invest in the economy. Where is this money going to come from? We would have to borrow. He would borrow and borrow. He would create the debt which slips away from us. We would spend more and more on interest payments every year. It is the biggest component of government expenditures to date: \$41 billion. He wants to add to that, rather than having a good program of controlling expenditures and putting money in the right places at the right time.

Our objective is to get the deficit down in order to reduce interest payments on a debt to an ever-dwindling fraction of the total budget. Achieving this will provide more savings for productive investment and will create wealth and jobs for Canadians. In short, it will make the economy more competitive, and that is what our pro-