

economic recovery we have drawn on important lessons from the past.

For nearly 25 years, from 1950 through 1973, Canadians enjoyed an outstanding record of economic growth and personal prosperity. Our standard of living virtually doubled in that period of time.

This growth was not accidental or automatic. It resulted from sound economic policies. Inflation was less than 3 per cent during that period of time. This kept interest rates down. Annual federal deficits were small or non-existent. Boy, talk about the old days. Business investment grew strongly and we became more productive and wealthier.

Then along came that 1974 to 1984 period. Governments let inflation soar. They forgot about the lessons between 1950 and 1973. They just let inflation take off. They spent much more than they received in taxes. We were living beyond our means. The deficit jumped to \$38 billion annually and the national debt surged from \$27 billion to more than \$200 billion. It was no wonder then that the 1974 to 1984 period saw economic growth and productivity fall as business was battered on two sides, by increasing government intervention, taxation and debt, and by growing global competition from foreign industry. A declining Canadian dollar was not able to counter these problems.

As we heard today, while that may be part of the problem today, it is not entirely the whole story. We still suffer the consequences: interest payments on that 1984 debt, just the interest, not for programs, not for senior citizens, not for health care or for secondary education, 80 per cent of our subsequent deficits, pushing our debt to nearly \$400 billion a day. It has all been interest, 80 per cent interest.

Since 1984 we have worked to rebuild the underlying conditions for economic prosperity and we have made some progress, especially considering where we started from. The growth of the debt has been slowed. The deficit is still too high. I am the first one to admit that and we all are. The deficit is a way too high. It has been cut in half since we came to office as a share of our national income. Inflation has been held in check to about half of what it was between 1974 and 1984.

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We have implemented historical, structural reform to boost efficiency and growth potential. Of course I refer to the deregulation of the energy and transportation sectors; tax reforms such as the GST makes Canadian firms more competitive both home and abroad; and the Canada-United States Free Trade Agreement, which I touched on earlier, giving us secure access to the world's largest market.

To help Canada overcome its current problems and to lay deeper foundations for lasting prosperity, more needs to be done. The plan for economic recovery takes these fundamental, decisive steps. They include restraining wage increases for the federal Public Service and members of Parliament over the next four years, extending the expenditure control program to 1994-95, making it a law that all revenues from the goods and services tax are used only to bring the public debt under control and are not spent on other things, and passing legislation that sets absolute limits on government program spending for the next five years.

These actions will produce concrete results. The deficit for 1991-92 during this recession period will be held to \$30.5 billion despite the problems we are experiencing. By 1995-96 it will have dropped to just \$6.5 billion. That is the lowest deficit in nearly 20 years.

As well, the need for new government borrowing on financial markets will be eliminated even sooner, by 1994-95, and this is the goal that we set out in our 1989 budget. That will represent, for the first time in 25 years, that no such borrowing is needed.

To deliver these results the budget was tough, but it is also sensitive to the real hardships currently facing many Canadians. That is why expenditures will grow substantially more in 1991-92 than in the years following: 6.9 per cent compared to an average of only 3 per cent for the entire five-year period.

Mr. Speaker, may I call it two o'clock and conclude my remarks immediately following Question Period?

Mr. Speaker: It being two o'clock, the House will now proceed to Statements by Members, pursuant to Standing Order 31.