

This is also a Budget that confirms the solid economic results of sticking to our agenda for action. It is a Budget guided by a clear sense of direction and backed up by a record of proven success in managing the nation's economic and fiscal situation. To fully appreciate the progress we have made, we should recall the prediction made by the Hon. Leader of the Opposition (Mr. Turner) on November 9, 1984. At that time, he predicted that over 100,000 jobs would be lost as a result of the \$4 billion cuts that were made in the first Budget. Not only did that not happen but 675,000 jobs were created.

To fully appreciate what this agenda has meant for women and youth, one need simply look at the number of jobs that have been created in those two categories. Youth unemployment is down significantly and jobs for women have been created at an unprecedented rate. To fully appreciate the progress we have made, it is useful to recall the situation that existed when this Government came into office.

Let us not forget that when this Government came into office, the economy was still feeling the after-effects of a severe recession that had ended almost two years earlier. Economic performance was very disappointing. Unemployment was still at almost 12 per cent. Interest rates were far too high and this was discouraging investment and consumer demand.

Two and a half years ago that was the situation. However, those were just symptoms of deeper, underlying problems faced by the economy. This Government felt that unless we began to deal with the deep-rooted causes of high unemployment and interest rates, the symptoms would only grow worse. One cannot fiddle with the thermometer, one must do something about the furnace. We moved from symptoms to causes and we did not have to look too far to find one of the most serious causes of Canada's economic problems; it was the Government itself.

Government involvement in the economy had become stifling. It was everywhere. It was unproductive and unhelpful. Layers of regulation were distorting investment decisions and business practices. All Parties could find parts of our regulatory system that had to be changed. All Parties could find things that had to be improved in order to free the economy to act with less government interference.

Fifteen straight years of Budget deficits had swollen the national debt to \$200 billion. The rapid increase in the debt was harming Canada's economic future. We must remember, particularly since the Leader of the Opposition criticized the Minister of Finance (Mr. Wilson), that, as the Minister of Finance made clear today, it was during the tenure of the Leader of the Opposition as Minister of Finance that we moved from a surplus to a huge deficit, and we also experienced an inflation rate that jumped from just about where it is now to 10.6 per cent. I suppose that is what it would be if the Liberals formed the Government. Economic growth had slowed considerably. The bank rate during that period when the Leader of the Opposition was Minister of Finance rose by four and a quarter percentage points. Spending

doubled and the Public Service grew by 66,000 people in those years.

So that we do not forget, let me remind Hon. Members that, as a result of this, the Auditor General stated that Parliament had lost or was close to losing effective control of the public purse. That was the kind of fiscal leadership shown by the Leader of the Opposition when he was Minister of Finance.

The record of this Government in two and a half years with its fiscal management and the confidence it has built in the economy cannot be in greater contrast to the record of the two or three-year period from 1972 to 1974. The malaise that had begun then fed on itself, so that by the time this Government took over in 1984 it was absolutely necessary for us to intervene and to intervene vigorously. We found that the more the Government intervened in the economy in an effort to help, however, the more it aggravated the very problems it was trying to help. Rather than part of the solution, it became part of the problem. Subsidies led to more subsidies, as we all know. Regulation led to more regulation. Spending led to more spending. It was a continuing spiral that fed on itself, making industries inefficient and uncompetitive and driving down the prospects for economic prosperity. The Government of the day was bankrupt of ideas. It was caught in a spiral and did not look to the fundamental way out.

● (1630)

Earlier today the Hon. Member for Ottawa Centre (Mr. Cassidy) regretted the economic slump which he says might be caused by this quiet Budget of ours. Instead, he wants more subsidies, more regulation and more spending. He wants to get us back into the spiral that got us in trouble in the first place. He did not like this quiet Budget because he said it would hurt the economy of Ottawa Centre. People would not come to hear Budgets anymore because they would not be too interesting. I say that if we can deliver to this House every year a Budget with the kind of economic performance we have experienced, then we should not do a lot of fidgeting. We should not be putting on a spectacle just to attract people, which is what the Hon. Member wanted. We should be providing solid economic leadership and this Budget does that.

On taking office the Government was determined to call a halt to this destructive spiral. It set out its goals very clearly in the agenda for economic renewal in November, 1984. That document should be read again, because the extent to which this Government has fulfilled the promises in that document is impressive. We have made good progress toward all those goals. Economic performance is much improved because the economy is working better. The economy is working better because of the fundamental improvements which have come about through our economic renewal program. The Government has taken action to restore fiscal responsibility by reducing the deficit and slowing the growth of the national debt. We have done this mainly by expenditure restraint and good management. After 15 years of rising deficits we have brought about the first consecutive three-year decline in 30