

Borrowing Authority

Mr. Huntington: Mr. Speaker, the Hon. Member for Thunder Bay-Atikokan (Mr. McRae) in the early part of his address mentioned that the major reason for the need of \$19 billion in borrowing was declining revenues. Could the Hon. Member substantiate that statement with figures, particularly those given in the address of the Minister of Finance (Mr. Lalonde) when he introduced the Bill?

Mr. McRae: As I recall reading the address, I did not see a figure. However, when we had an increase in the deficit in the June 28 budget, it showed that the deficit would rise to \$19.1 billion from \$9.6 billion, I believe. The difference between the two figures is approximately \$9.8 billion. I have forgotten what it is exactly, but it is something in that order.

The difference between the numbers, the projected November number and the number projected in June, is \$9.6 billion. By breaking down that number you would find that \$4 out of every \$5 was caused by decreased revenue. I do not have a later figure. I am saying now that the figure is probably \$3 out of every \$4. I could put some time into the calculations and produce a figure. It startled me at the time in June. I went over the numbers very carefully and found that \$4 out of every \$5 of the increase—not of the deficit but the increase—was caused by declining revenues.

Mr. Gamble: I have a question for the Hon. Member. He has been in this House since 1972. Does he view the current deficit as not being long term and structural, having regard to the fact that since the Hon. Member has been in this House the deficit has steadily increased? Today we are shocked by the prediction of the Minister of Finance (Mr. Lalonde) himself that next year the deficit will be even greater than this year. The Minister suggests it could be \$29 billion. We could, of course, anticipate that figure to be lower than what it will be.

We now have a national debt of something in the order of \$120 billion to \$125 billion. We know the Auditor General has advised us that added to those figures must necessarily be the realistic appraisal of letters of comfort and guarantees which have been given to Crown corporations. If they were properly valued, it would show that there is in the neighbourhood of another \$40 billion to be added. We know from the Minister of Finance himself that next year we will have a potential minimum deficit of \$29 billion.

Having regard to the Hon. Members' service in this House since 1972 until today, and even anticipating next year, have we not seen a long term, persistent structural deficit manipulated by the Government that he has served?

Mr. McRae: Mr. Speaker, I will have to call upon my memory for the earlier years, but it seems to me that from 1972 to 1975 we ran small surpluses or very small deficits, something in the order of half a billion dollars one way or the other.

The deficit took off when we indexed exemptions. This was done at the strong suggestion of the Leader of the Opposition Party at that time. We also indexed old age pensions and so

on. We created a decline in revenue and an increase in expenditures. That caused a fairly large deficit increase which grew from 1975 to 1979.

Earlier when I spoke I said that in 1979-1980 the deficit was 4.8 per cent of the Gross National Product. That deficit, however, as a function of the Gross National Product—and unless we talk about the Gross National Product, there is no point dealing with this—declined by 1981-1982 to 2.5 per cent of the Gross National Product. We put a tax regime in place in a period which caused some decline. For instance, one of the nice borrowing bills I have had to talk about was one where we actually had to borrow less than we anticipated in the previous budget.

I refer also to the paper produced by the Institute for Policy Analysis at the University of Toronto. The group that put out that paper took 1979 figures and projected them. They show a small surplus. The amount of that surplus will vary, depending upon how you take the study. I saw a figure of about \$1.3 billion, but it would be a figure in that order, a very small surplus.

Compare that with the American situation. The Americans have two components which we do not have. The Americans have a very large tax decrease and a very large increase in defence spending. Those two factors have created a structural component to the deficit which is very dangerous. From all the figures I have, I do not think we have that kind of structural component in our deficit.

Mr. Deputy Speaker: The period of questions and answers has expired. The Chair recognizes the Hon. Member for Vancouver-Kingsway (Mr. Waddell). I see the Hon. Member for Kamloops-Shuswap (Mr. Riis) is rising on a point of order.

Mr. Riis: Mr. Speaker, I rise on a point of order. I appreciate that my colleagues in the Progressive Conservative Party wish to ask questions of Members on the Government side.

Mr. Deputy Speaker: Order, please. The Hon. Member is reflecting on the Chair's decision with regard to this period of ten minutes, or he appears to be. I call the attention of the House to the very difficult position of the Chair. The Chair has attempted as fairly as possible to apportion questions. The Hon. Member's Party had three questions. The Hon. Member for Restigouche (Mr. Harquail) complained, although he had not risen himself, and again reflected on the Chair in so doing.

I am appealing to Hon. Members to recognize that the Chair is trying hard to be fair and will continue to do so, but it is difficult.

The Hon. Member for Vancouver-Kingsway.

Mr. Riis: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The Hon. Member for Kamloops-Shuswap.

Mr. Riis: Mr. Speaker, I am certainly not questioning your decision at all. I simply want to draw to your attention and to the attention of Members of the House that, in the interests of