

GOVERNMENT ORDERS

[English]

BORROWING AUTHORITY ACT, 1980-81

SUPPLEMENTARY BORROWING AUTHORITY

The House resumed consideration of the motion of Mr. MacEachen that Bill C-30, to provide supplementary borrowing authority for the fiscal year 1980-81, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Deputy Speaker: When the debate was interrupted at five o'clock p.m., the motion for second reading of Bill C-30, an act to provide supplementary borrowing authority for the fiscal year 1980-81 was under consideration. The hon. member for Etobicoke Centre (Mr. Wilson) had the floor.

An hon. Member: Question.

An hon. Member: Oh, no.

An hon. Member: We are ready for the question.

An hon. Member: Hear, hear!

Hon. Michael Wilson (Etobicoke Centre): Thank you very much, Mr. Speaker. I am delighted to see that members opposite are so pleased to hear what I have to say.

An hon. Member: None of your friends are.

Mr. Wilson: I might touch on a few remarks that I was making just prior to the private members' hour. I said at that time that the government was taking advantage of the people of this country by borrowing in today's dollars and repaying those dollars in depreciated dollars some years hence. Now, any of us who is borrowing any money, whether it is by way of a mortgage, or whether it is by way of a bank loan, is doing the same thing. The point I want to make is that it is very wrong when this is being done by the federal government, for the simple reason that its action contributes directly to the devaluation of the currency. The government has the greatest control over the level of inflation in this country, particularly with the tremendous demands on capital we have in this country, and that is what makes their actions so wrong, so unfair, and so damaging to this country.

The President of the Treasury Board (Mr. Johnston) has recognized some of the aspects of this problem. Recently he is quoted as saying that the government remains committed to limiting spending growth, but he has argued that this has disadvantages because it forces cuts in government spending during times of economic downturn.

We are at that point of time right now, and it is not going to be easy for this country. I hope the government has begun to understand that it does not have the flexibility to adjust its policies and priorities, and it does not have the flexibility to change the tax structure to give the incentives required to bring the business of this country to a higher level. The

Borrowing Authority Act

province of Ontario has also shown the benefit of fiscal restraint.

An hon. Member: Right on.

Mr. Wilson: They have had a policy of reducing the level of their deficit over the past few years, and last year the level of the deficit did drop by some \$200 million. This year, in anticipation of a slowdown in the economy, they have been able to increase their deficit by a significant amount, and direct that money to small business development, employment development, assistance to pensioners, and energy development. This illustrates the benefit of flexibility in fiscal policy, a flexibility which is now, as the President of the Treasury Board has pointed out, completely non-existent in the affairs of the federal government of this country. But I am sorry to say that the Minister of Energy, Mines and Resources (Mr. Lalonde) does not understand it yet. Some days ago, in the House of Commons, he was referring to the amount of money that Canadians saved through the reduced cost of energy in this country.

An hon. Member: It cost them 12 per cent.

Mr. Wilson: What he does not understand is that Canadians are not saving that money. They are just shifting the load from today to tomorrow. Instead of paying that money today, we are paying and will be paying for many years through the increased taxes that we will have to pay.

An hon. Member: Tomorrow at 12 per cent.

Mr. Wilson: Today that subsidy is costing the government and the people of this country, through their taxes, and through increasing the size of the government deficit, some \$3 billion. At current rates of interest, in just six years' time, the amount of money that will cost the Canadian taxpayer is \$6 billion—double in six years. That is the problem we are faced with today.

I do not understand, as I said earlier in my remarks, why the government has consistently ignored professional comment, the advice and the experience of other governments, and the comments that have been made many times by people on this side of the House. Let me just quote to you here, Mr. Speaker, what Mr. Carl Beigie said in a recent speech:

This year the federal government's budgetary deficit is expected to reach \$14 billion, compared with about \$30 billion in the United States—

That is a country with a population ten times the size of Canada. He went on to say:

There is a total lack of concern, at the political level about the budget deficit in Canada.

I am sorry to say that I am going to quote an economist who does not seem to understand that so long as the federal government borrows domestically, in other words, borrows from its own residents, it is like a father lending money to his son. The son pays the interest to the father and it is all in the family, therefore it does not really matter. In this way we can continue to go on and on.