

public debt charges in total government expenditures, it is the primary goal of the Government to minimize all such charges. This goal can only be achieved if ample borrowing authority is always available so as to ensure that the large borrowing operations of the Government do not interfere with those of other levels of Government or of the private sector. We have a collective responsibility to see that the goal of minimizing public debt charges is vigorously pursued.

Members may want to recall that the first fiscal quarter, the quarter about to begin, is usually a period of particularly heavy seasonal cash requirements because of tax refunds and several other factors. Such a cash drain must be financed by market borrowings.

I should like to refer now, in a general manner, to some of the comments that have been made in the course of our debate on Bill C-21.

Some comment was offered to the effect that the Government has not made any effort to restrain wasteful expenditures of the type described in the Auditor General's report. This is simply untrue. Since 1975 the federal Government has been committed to restraining the trend growth in spending to no more than the trend growth in our GNP. This commitment does not mean that the growth of expenditures must equal the growth in GNP each and every year. During a cyclical downturn in our economy, expenditures would generally be expected to grow faster than the GNP, since a deterioration in our economic conditions would naturally put upward pressure on government expenditures and economic growth would of course be slower. Similarly, the ratio of government expenditures to our GNP would be expected to decline during the recovery phase of the cycle.

The Government has been successful in meeting its expenditure targets. In the 1975-76 fiscal year, total outlays were 23 per cent of our GNP; by 1980-81 they had fallen to 19 per cent. Slower growth in the GNP, the associated upward pressure on spending from low activity levels, rising public debt charges and limited discretionary measures available to the Government resulted in total outlays rising to an estimated 23 per cent of GNP in the current fiscal year. The ratio of total government outlays to our GNP is projected to decline continuously from 1984-85 onward, being reduced to some 21 per cent by 1987-88.

Government deficits are not an indication of fiscal irresponsibility. A rise in the deficit during a period of cyclical weakness in our economy provides an important, even an essential, cushion to the overall level of activity and helps to reduce individual hardship during a recession. Attempting to offset the automatic effects of recession on the Budget balance would simply make a downturn more severe and individual hardship more difficult to sustain. Indeed, it is appropriate for the Government to undertake discretionary measures to reduce taxes and increased expenditures to offer additional support to the level of economic activity during a period of cyclical weakness, a point that has been stressed throughout our recent debate by Members on this side of the House. From 1975 to 1978 the federal deficit rose significantly in order to stimulate

our economy; but from 1979 to 1981 there was a steady reduction in our deficit.

**Mr. Blenkarn:** When we were in power.

**Mr. MacLaren:** In the absence of the 1981-82 recession, further progress in reducing the deficit would certainly have been made. The fact that the deficit helps stabilize cyclical swings in our economy is consistent with attaining a deficit level in keeping with the long-run needs of our economy.

**The Acting Speaker (Mr. Guilbault):** Order, please. The Chair regrets to interrupt the Hon. Minister, but his allotted time has expired. The Hon. Member for Mississauga South.

**Mr. Don Blenkarn (Mississauga South):** Mr. Speaker, the Minister speaks glowingly about the efforts of this Government at restraint. The House should know that the administration costs of this Minister's Department have increased 75 per cent since the Estimates filed in March, 1981. The administration costs have gone up from \$26 million to \$44.5 million. That is what this department will spend in the year ending this March.

The Minister speaks glowingly of the Government's projections and how he is going to handle the deficit. I call the attention of the House to a report by Susan Clark, an economist with Richardson Greenshields, in an article filed by Don McGillvray of Southam News which appears in today's paper. Briefly, Susan Clark estimates that the Ministry of Finance has underestimated deficits in the past six years by an average of 21.5 per cent. That is for current deficits. If they hold true, and there is every reason to believe they will hold true, the deficit this year could well be \$35.5 billion. Susan Clark goes on to estimate that on previous years, if you go for a two year projection, the Department of Finance undershoots the mark by 55 per cent, which would indicate that the deficit for the year 1985-86 is likely to break \$42 billion. So much for restraint. So much for the Department's estimates. So much for the projections and so much for the Department's credibility.

It is a sad day in the House when we cannot come to grips with the problems of the House by negotiation, and closure has to be imposed. For the past two and a half weeks negotiations with the Government have been entered into by this Party and by the New Democratic Party with respect to how this House of Commons can come to grips with the financial problems of the country, the deficit and the borrowing requirements.

The House will know that this Government will cease to exist very shortly after June 16 next. A new Prime Minister will undoubtedly be sworn in well before the end of June, 1984. There will be a new government in place which may go to the country or which may decide to call Parliament back in the fall and present a new budget, a new economic direction and a new policy on handling the affairs of Canada. In any case, the Budget of February 15 has gone by the boards. It is dead, finished. This Government is gone by the boards, dead, finished on June 16. To proceed with this Bill on that basis is wrong. Our negotiations were on that basis and we thought we