

*Time Allocation*

itself many times over since it was first introduced in this session of Parliament way back in history, then I think he is sadly mistaken. He is mistaken if he is under the impression that we should accept it without argument and that the \$30 billion deficit, as projected, is justified to Canadians.

Perhaps it would be helpful in the last few minutes, having been provoked into trying to justify the inappropriateness of these required moneys, if I made a couple of observations which might bring some sanity into the spending of Government, the deficit and its cash requirements. The deficit today is equal to 28 per cent of all our expenditures. For every \$4 the Government spends, it must borrow \$1. There are only two ways to finance a deficit. First, we can print more money, and over the past 12 years the Bank of Canada has monetarized a total of \$12 billion on the Government's financial requirements. The other way to handle the deficit is by borrowing money. In 1982, borrowing by the federal Government accounted for 51 per cent of all new security issues placed in Canada. Borrowing of that magnitude clearly must have an effect upon the supply and demand for money and thus upon interest rates which must be borne by the private sector.

The Government's October budget forecast a record deficit of \$23.6 billion this year, and already the Government, with all due respect, is blabbering in the House about the possibility of a \$30 billion deficit without our ever seeing another financial statement dealing with a true economic budget so that we could look at the forecast over a reasonable length of time for justification.

**Miss Aideen Nicholson (Trinity):** Mr. Speaker, when introducing the borrowing authority Bill now before us, the Minister of Finance (Mr. Lalonde) drew a distinction between the financial requirements of the Government and the Government's deficit. They are different, the figures are different, but they are also clearly connected.

Obviously we have to be concerned about the deficit. With over 20 per cent of Government revenue now going to service the national debt, this is certainly a time to be prudent about Government spending, even though it must be said that Canada's national debt in the form of Canada Savings Bonds, Treasury bills and Government of Canada bonds is largely held by Canadians and, as with such a debt, repayment and interest charges represent a recycling of money within the Canadian economy.

Canadians have been saving a great deal of their incomes at rates much higher than Americans, for instance. There is a vast pool of savings to be recycled in our economy and federal borrowing requirements, although heavy, should not constrain private borrowing.

A large part of our deficit is recession-induced, a fact with which Opposition Members have not dealt in their speeches. Government spending is not out of control, to use their phrase. The deficit is high and borrowing requirements are high because of the world recession, because the world economy has been virtually stagnant for the past three years.

In Canada, revenues are down. Personal income tax is down because so many people are unemployed. Sales taxes are down because consumers are buying less. Business taxes are down because profits are low. At the same time as Government revenues are down, Government spending has increased on social programs to protect Canadians from the worst effects of recession. Unemployment Insurance payments alone have increased by 133 per cent. Payments to the Provinces under the Canada Assistance Program are also up.

We have in Canada a very good system of automatic stabilizers which goes into effect to help our citizens when times are difficult. It is a system which has been built by Liberal Governments over the years and of which we can be proud. It is interesting that in the very extensive consultations of the Minister of Finance as part of the pre-budget exercise, when he met with leading industrialists from all over the country nobody suggested that the safety net be cut from under those Canadians who are feeling the pain of recession most.

Clearly Government expenditures will be reduced, Government revenues will increase and the deficit will be reduced when the economy recovers and Canadians return to work. This is obvious, yet not one of the Opposition speeches on the borrowing authority differentiated or dealt with measures which temporarily increase the Government's borrowing needs but will result in increased revenues in coming months.

Apart from the fact that \$6 billion will shortly be paid out in tax refunds—not an inconsiderable stimulus which will be injected into the economy—there were, in the last year, programs designed to stimulate the housing industry. The popular \$3,000 grant to new home owners has represented a substantial expenditure of Government funds, but those expenditures created jobs for unemployed construction workers who are relatively high earners and, therefore, make a sizeable contribution in personal income taxes. Those expenditures to stimulate the housing market helped create demand for building materials, appliances and furnishings, thus creating jobs for other Canadians who, in turn, will be freed of the necessity to collect Unemployment Insurance and who will again become taxpayers. Similarly, the increased Government expenditures on direct job creation and on training are an investment in the future.

● (1620)

Throughout the discussion on this Bill the Opposition has attacked Government spending, but it has failed to put forward alternatives. One of the Conservative leadership candidates has now been quoted as saying that his Party has to stand for something other than for just replacing the Liberals. This is an interesting statement from a Member of a Party which has held three major conventions without any policy discussion.

**Mr. Epp:** That is not true.

**Miss Nicholson:** Perhaps the leadership convention will finally be the forum when Conservatives tell us what they are