

The Budget—Mr. Hawkes

\$600, how long can you continue to do that? If you make \$2,000 but each and every month you spend \$2,400, how long can you continue to do that? One year, two years, three years, four years—we have now had seven years in a row of that kind of spending. When we stand on this side of the House, and the finance minister stands up and says, “we must reduce the deficit,” that is what he is talking about.

In the absence of the kind of controls which we on this side of the House are proposing, we have a future, but it is a bankrupt future. In the presence of the kind of expenditure controls and taxing policies proposed on this side of the House we have a rosy future. But we must begin to pay our way.

● (1720)

I ask the people of Canada to consider what happens if they take their Chargex card, or oil company card, and spend each month 20 per cent more than they make. Sooner or later you have to pay it back. You have to begin paying the interest on it and your expenses rise. The situation in Canada today is such that the federal government will be borrowing something in the order of \$12 billion. That is the size of our deficit. The finance minister stood up in this House last night and talked about the cash requirements of the government. I wonder how many Canadians really understand those words, the cash requirements of the government.

I would like to draw an analogy. Out west we have a tradition called the auction sale. I think it exists in all parts of the country. We make great use of it. The auctioneer tries to get a big crowd with a lot of money, to compete for what he is selling. That is his job, to get the best price he can for his customer. I draw to the attention of the Canadian people that money is a commodity. It is like a car or a sofa, a commodity. It is in limited supply under any responsible government.

The way we auction money in the world is on the basis of interest rates. What you are doing in Canada today with a \$12 billion debt is forcing the Government of Canada to go out and borrow in that restricted money market \$600 for every man, woman and child. You are putting pressure on that auction market. If the government were not borrowing that much, the lenders would have it to lend to the private sector. There would be less competition. Ultimately we would have lower interest rates, the kind we can all live with.

The government is an unfair competitor in that auction sale for money and for resources. It, and it alone, has the power to tax. It can determine what it spends and what it raises. None of us in a free democracy have that choice. The government makes that decision on our behalf, and it has been making some terrible decisions over the years.

I would like to go to another feature of the budget. I saw over television last evening the president of the chamber of commerce from my area, Calgary.

Mr. Benjamin: Another barefoot boy.

Mr. Hawkes: He was one of the people who was very critical of the government for its budget. This criticism was based on

[Mr. Hawkes.]

the fact that we were not cutting budgetary expenditures quickly enough. I bring to the attention of the House that close to 80 per cent of the budgetary expenditures laid out in the documents before us are a consequence of legislation passed by this House or agreements signed by the previous government. I wish to illustrate the three most important parts of those expenditures.

The first is interest on public debt. We are approaching the point where 20 cents out of every dollar we raise through taxation is used to pay the interest on the debt created by government. I ask members opposite who want this bigger deficit, who want this government to borrow more money, how much social good could be done if we had that 20 cents of every dollar to give to the senior citizens of this country. Let's not be dreamers, let's be doers.

Let me come to the second large item which accounts for more than 30 cents of every dollar. That is the transfer payments to persons: unemployment insurance, old age pensions, family allowances, and social assistance of various kinds. Thirty cents out of every dollar goes to those kinds of people. This government has decided to leave the indexing provisions in place. Those allowances which go to the disadvantaged of this country will increase at the same rate as the cost of living. They are protected by this Minister of Finance and this government. That is a point we should make with clarity.

Another area of expenditures which accounts for approximately 20 cents out of that dollar is the transfers to provinces and other jurisdictions. Those are agreements which come up for renewal in 1982. If the Prime Minister continues on the course which he has started, which is working within a federation—not trying to run the whole show, but working with the provinces—I am optimistic that by 1982 the fiscal arrangements which we as a federal government have with the provinces can be arranged. Somehow they can be made more equitable so that the federal government will have more freedom of choice in its expenditure pattern.

These are the major features, interest payments on public debt 20 cents out of every dollar, transfer payments to persons 30 cents out of every dollar, transfers to provinces 20 cents out of every dollar. There are other agreements which account for the remaining 10 per cent. There is very little room in a federal budget for a new government to make significant changes because the agreements which have been signed are historical and long range.

Mr. Benjamin: Why didn't you say that during the election?

Mr. Hawkes: We did say much of that during the election. We said we wanted information, we could not get it and we could not tell. However, these were the directions. This budget is consistent with the directions I talked about during the election campaign.

Members opposite would have Canadians believe there will be no change in what they are going to find in their income tax form when it arrives at their houses next January. Let me just run over a few of them. I have used the context of a man and wife with a couple of children. I simply say that Canadians