

Bretton Woods Agreements Act

Our deficit is much more than cyclical in nature. It is to a very significant extent structural in its character. What does that mean? It means very simply that we are locked in to a set of circumstances, commitments, obligations and financial entanglements from which we cannot very easily extricate ourselves.

There are many outdated policy directives that now have the status and stature of sacred cows. The effects of many of these old policy decisions in today's setting are unproductive or even counterproductive and yet we go on living with them. Our expenditures grow, our deficit increases, our national debt mushrooms and we live with the consequences. That which needs particular attention at any given time is ignored. Why is it ignored? Simply because there is not enough money. Interest rates remain volatile, unemployment rates shockingly high and economic growth wavers between slow and stalled.

Despite all of this, and this is what concerns me so much, there is a large body of opinion in Canada which takes an entirely passive view of the deficit. Their view goes something like this: "Well, the economy is weak; therefore, we have a deficit". Has it ever occurred to any of these so-called economic thinkers that they might have their analysis in reverse? Is it possible that we have a huge deficit; hence our economy is weak? Some more astute observers of the scene have noticed that the deficit is in fact malignant and that we are paying a very huge cost for this deficit, not just in terms of dollars, as serious as that may be, but also in the form of lost jobs, incomes and economic opportunities.

I do not need to remind the House that budgetary deficits in and by themselves are not necessarily unacceptable. Sometimes spending must of necessity exceed revenue. However, it is axiomatic that a manageable balance can be restored in the future. The rule is that we run deficits during recessions and have them offset by surpluses in times of economic expansion. However, as I said earlier, we are now having our economic expansion. This is it. Yet our deficits continue. It is madness. More than that, we are foreclosing on the future of generations that will follow after us. The only thing that is saving us from national bankruptcy at this moment is the taxing power of the federal Government. At any time, the federal Government may make a grab. However, the situation may become so serious that the Government may grab nearly everything and there will still not be enough.

Flying now and paying later may be okay if one just takes a few flights every year, but we have gone into continuous orbit using a credit card that has no limits. The largest amount of money ever to be spent by a Canadian Government, \$105 billion, is to be spent by the Government this year. That is well in excess of \$4,000 for every man, woman and child in the country.

It was President John F. Kennedy who once said that his country needed a national purpose and he identified that purpose as putting a man on the moon. Here in Canada we do not need to search around for a national purpose. We do not need to look for a challenge; we have one staring us right in the face. Our national purpose and challenge ought to be

avoiding crossing that dangerous threshold between a fiscal problem and a fiscal crisis. The Prime Minister of Canada (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) must enlist the support of every Canadian in an all-out effort to avert such a crisis.

In carrying out this national goal, there must be fairness and justice. If we want the same level and quality of federal services, we will have to pay the costs. Perhaps we can do some careful weeding in our garden of services. Of course we all want equity. We should also demand efficiency. The burdens which are created by deficit reduction must be borne by the strongest elements in our society and not imposed upon the weakest. Sometimes it is so much easier to choose the weaker elements because their political voices are so soft in comparison to those of the powerful lobbies that operate in and around Ottawa. There will be no political support for major reforms in revenue and expenditure unless the impacts are distributed fairly.

If I may return for just a moment to the words of Professor Purvis, he has said:

—"deficit reduction is clearly going to require statesmanship and tough leadership."

In 1983 the national debt was double that of 1978, and five times that of 1973. Clearly we are not a Brazil, an Argentina or a Mexico. However, we should note carefully that when interest payment obligations exceed the capacity of the Government to generate revenue, the Government loses its ability to creatively manage and direct its economy over time.

I have heard people say that it is ridiculous to imagine that at some point in time, one-half of our federal revenues will be needed to make interest payments. It does not sound so ridiculous any longer. We are moving rapidly in that direction. If we lose the capacity to set economic policy independently for ourselves and if we lose domestic control, then perhaps our relationship with the World Bank may become significantly altered. It may be quite different from what it is now. Instead of us being a contributor to the World Bank, perhaps it will feel obliged to assist us. Perhaps our costly garden of services will be analysed by the World Bank and it may decide what kind of selective weeding should be done. It may be the World Bank that comes to us and suggests an appropriate price for our wide variety of products and services which are in the public domain. Under such circumstances, our relationship with the Bretton Woods Agreements to which Canada was a signatory and to which we are now a significant contributor would take on an entirely different meaning. It is a meaning that would not be good for Canada and one that Canadians would not like at all.

● (1640)

The Acting Speaker (Mr. Paproski): Are there questions or comments, on the speech of the Hon. Member? The Hon. Member for Halifax West (Mr. Crosby).

Mr. Crosby: Mr. Speaker, I have both a question and a comment for the Hon. Member for Cochrane-Superior (Mr.