

Mr. Duhamel: Madam Speaker, I wish to thank my colleague. First, I am absolutely delighted that he understood the points that I made. I am extremely suspicious that my colleagues opposite also understood them, but they did not want to admit it. I am quite convinced that that is true.

Yes, the government has lost the moral authority to govern. It has lost the confidence of the people. Fewer than 20 per cent of Canadians have confidence in this government. If you take the next five Canadians that you meet and there is a part of one who has some confidence in you the other four and a little bit will have no confidence in you. The government has lost the moral will to survive. It does not have the moral authority to govern.

Mrs. Dorothy Dobbie (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Madam Speaker, I rise today in support of Bill C-65, the Borrowing Authority Act for 1990-91. This is the bill which authorizes the government to borrow funds to meet its financial obligations for the coming year.

Bill C-65 will also permit the government to deal with the necessary foreign exchange transactions. The amount covered by this bill is \$25.5 billion.

As hon. members are aware, the deficit projection for the 1990-91 fiscal year is \$28.5 billion. That leaves a \$3 billion difference which I will explain to you.

There is \$7.5 billion available to the government from non-budgetary sources. One such source is from the repayments of loans advanced to the Public Service Superannuation Account in the past years which brings the borrowing requirement down to \$21 billion. However, the government must have the flexibility to conduct its foreign exchange transactions. This will require a reserve of \$3 billion, which is the same amount as was required last year.

In addition, the government requires a further \$1.5 billion to cover foreign exchange fund earnings. While these earnings show up in the public accounts as revenue, they are not available for operating purposes since the funds are retained in the exchange fund account.

• (1700)

While government would obviously prefer not to have to borrow at all, this reduced requirement for the coming

year is a reflection of the progress that is being made in rationalizing the economy. In fact, this year's financial requirement represents 3.1 per cent of Gross Domestic Product and that is down from 6.7 per cent in previous years.

This progress will continue. By 1994-95, the government's borrowing requirements will be reduced to zero. Indeed, the government predicts a billion dollar surplus for that year at which point bonds and treasury bills be begin to be repaid.

Therefore, this bill should be viewed in context with the government's over-all thrust to deal with the deficit and the debt. The budgetary measures that were announced by the finance minister in February are a key step in that over-all strategy.

The budget stressed that to achieve our potential for economic growth and job creation we must build on the solid fiscal progress that we have been making since 1984. By doing this, we will gain the kind of greater flexibility and independence of action that we need to meet the priorities of Canadians and the government.

To get the deficit down and to restore a better fiscal balance, we are working very diligently to reduce our expenditures, and that is a vital component of the exercise. The growth of spending on all government programs and services has been kept well below the growth of the economy and even below the rate of inflation. The money used to meet the costs of running the internal operations of government has been reduced from \$17.5 billion in 1984 to \$16.8 billion today. That is in spite of a larger workload, and I think that that shows real progress.

The Public Service has also been reduced by 12,000. In fact, it is the same size today that it was in 1973 and that is despite a 20 per cent increase in population. That shows real progress and real commitment to rationalizing our economy.

In December, the President of the Treasury Board announced further steps to help us eliminate waste, to improve efficiency, and to save another \$1.4 billion over the next four years. In doing this, we have imposed a freeze on federal government construction in Ottawa, for example. We have introduced travel restrictions and we are amalgamating or closing some government agen-