

Borrowing Authority Act

New Horizons projects and community development programs, and is therefore justified. I suggest to him—I believe it was the Hon. Member for Lachine (Mr. Blaker)—that he read the latest issue of *Time Magazine*, that of March 5, 1984, which talks about the deficit and borrowing in the U.S. The simple conclusion one can draw from that article is that there are three specific areas in which borrowing does significant damage to a free enterprise economy: the effect on interest rates, employment and inflation.

We have to recognize that it is not only governments that borrow money. The private sector, farmers, fishermen, businessmen and manufacturers, all seek ways to increase their capital. However, when the Government goes to the market and asks for \$29.2 billion, it has the effect of driving up interest rates for everyone else. That is precisely the situation we are in today. Interest rates, while lower than a year ago, are still artificially high, certainly when compared to the average over the past decade. The real creators of wealth, the private sector, are attempting to build their businesses and create jobs, but they cannot do that efficiently because the Government has taken all the cheap money for Government services, which is the least efficient use of capital. Because interest rates are up there has been a decrease, as the statistics show, in the establishment of new businesses, with a resulting negative impact on employment in Canada.

As I said earlier, Mr. Speaker, the Hon. Member across the way took the position that when the Government borrows money, we are able to supply make-work projects. I, like other Members, will apply for the money for make-work projects in my constituency when it is there, but I hope the day will soon arrive when we no longer have make-work projects, because it does not do us any good to pay a student to paint a hall somewhere after which he is out of work again. What we need to do is to build permanent factories, create permanent jobs, which in turn creates the wealth from which the Government collects tax dollars. That is the way you pay for the social needs of this country. We have to build a bigger pie.

I do not understand for a single moment how the little island of Japan, with a few resources such as fish, tin and nothing else except an educated people, has the second largest economy in the world. Sir, I started that sentence wrong. I said I do not know how. Well, I do know how. They do it through productivity; their people work. But what do we do here? We create every stumbling block you can imagine to discourage people from working. We put interest rates up so high that no one is going to borrow money to develop his business. We have Revenue Canada which acts as though it were the Gestapo, chasing people to try to gather the money for the Government of Canada to spend. When you see the frustration of constituents in trying to deal with the Government, trying to get through the red tape and inefficiencies, knowing that when they pay their taxes \$1 in every \$3 goes to pay for past borrowings, it is no wonder the economy is grinding down.

It makes you wonder what the Japanese would do if they ever got hold of this country. Here we are, Sir, blessed with an educated people, one third of the world's fresh water, tremen-

dous natural resources, and we cannot put our act together. It seems to me the message is clear: there is something wrong with the Government because the management of this country is obviously faltering.

It would be interesting, Mr. Speaker, if we could get more Liberals to speak on this issue. We have \$29 billion in borrowing authority being sought, and hardly any of them stand up to comment. To repeat, economists generally agree that we can safely borrow up to about 2 per cent of our Gross National Product. We can borrow more when we have an expanding GNP. But here we are hovering around 5 per cent to 8 per cent of the GNP and the money is not being used for productive purposes.

It behooves me to say we are on the Turner turnpike. It was the former Minister of Finance, John Turner, who started us on this road. He introduced the greatest spending of any Minister of Finance to that date in history. It was John Turner who gave us the largest debt we had until that time. It was his Budget which compelled succeeding Ministers of Finance to take the same road. Therefore, while there are those who would appreciate not having a Liberal leadership convention, who believe that John Turner should simply be anointed leader, the truth is that this country is in this desperate economic position because of John Turner. He started us down that road, and the Government has been going in that direction ever since. We have failed to pay our debts. As a nation, we believe falsely that the next generation could pick up this debt. Some day the pillars will crumble, the economy will collapse, and the future generation will have to pay the debt. People in private life recognize that.

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Governments have two hopes. The first hope they have is that there will be a period of extended inflation. That is one way to cure a debt. Certainly it is an unsatisfactory hope to have. The other hope is that there will be a total collapse of the economy. I should add that there is a third hope, which is that the bills will be paid. In 16 years there has been no effort made by the Government to take the position of paying its bills. The debts continue to grow, and today we are just short of \$200 billion in total accumulated debt.

I see you are giving me a high sign, Mr. Speaker. It would be most unfortunate if I were cut off now as I am not yet through the first two pages of my comments. I am just warming up to what the Government is doing to us. We must bear in mind that Canada is now one of the world's most indebted nations. We rank with Brazil and Mexico. We are indebted on a larger percentage of our total wealth than are most other nations in the world.

Earlier in my speech I said that by March of 1985 it is projected that the United States will have a debt of \$1.8 trillion. That is a column of \$1,000 bills 120 miles high. Members on the Government side may shrug and suggest that that is not the debt in Canada. There are well over 200 million people in the United States and only about 24 million in Canada. Canada's per capita debt is 50 per cent higher than