

Borrowing Authority

day. He suggested a national automobile program which would assess each automobile a \$500 fee. The money would be given to "Auto Canada", a new Crown corporation which would use it to buy a multinational automobile company. That sounds like a great idea. We could do the same thing with textiles, mines, petrochemicals—you name it. It is a heck of a deal, and I cannot understand why this government has not extrapolated the National Energy Program into these other methods.

The third option, that of financing the deficit by printing money, is a fraud. If the amount of money in this country increased by 10 per cent tomorrow it would mean that everything was worth 10 per cent less immediately. Money is just not a medium of exchange for goods and services. When the government decides it needs cash in order to operate and do all the good things it has in mind, and asks the Bank of Canada for the cash, all it is doing is dipping into the pockets of Canadians and defrauding them of part of their assets. It is stealing assets from individual Canadians for its own political purposes. Obviously it is highly inflationary and, as everyone knows, the level of inflation always falls hardest on those who can least afford it, the elderly, those on fixed incomes, and so on.

● (1440)

There is no pain-free way of running these kinds of deficits. There is no pain-free way of reducing them. The longer the government goes on accumulating deficit after deficit and adding to the national debt, the more difficult and the more burdensome will be the eventual repayment. No matter how imaginative governments might try to be, no matter how imaginative programs of the bureaucracy might be, the reality is that there is no pain-free way to reduce these deficits. If we finance our gasoline today while running this deficit, there is no alternative for future generations. They will have to pay. That fundamental fact cannot be dismissed. If we were using the money to invest today in an infrastructure or something of long-term benefit to the country, for instance, science and technology, education, what have you, that would be a different story. If that were done, then there is a payout, Mr. Speaker. It is the difference between an individual going to the bank and borrowing \$10,000 for a trip to Tahiti or borrowing \$10,000 to buy a backhoe. He is in debt \$10,000 in both circumstances. But, after his trip to Tahiti, all he has are his memories. After his backhoe is in operation, he has something which can generate income and use to pay off his loan.

What this government has been doing to the country is going into debt year after year after year to finance the equivalent of trips to Tahiti. What we have are wonderful memories but no fundamental strength or investments from which to generate income to pay off these debts.

I come back to the area of science and technology as being a classic example of the foul-up. Nothing is more tragic, and nothing will be as damaging to our future ability to sustain growth and opportunity in this country than the failure of the government over the last ten years to invest substantially in

science and technology in Canada. Surely there could not be a thinking person anywhere who does not recognize that technology is the base upon which we have to build as a nation. There are three fundamental strengths which Canada has: technology, our resources, and our food. We have neglected the technology side terribly, and right now we are kicking the blazes out of the energy side. Because of this neglect, future generations will have to pay a tremendous price.

How do we go about handling this deficit? How do we go about ensuring that next year we do not come back with a borrowing bill that says the government wants to borrow \$17 billion, and the year after that \$22 billion, and the year after that \$25 billion? On and on and on it will go, which is just a repetition of the pattern we have been going through. How do we make sure that does not happen? I know in the budget address of October 28 the government said that that is not the plan, that it will be spending less. But that is what John Turner said in 1974. That is what Donald Macdonald said in 1975. That is what Jean Chrétien said when he was minister of finance. They have all been saying that since I have been here. It has been a constant theme of every single finance minister. All we have heard from ministers of finance is, "We are going to bring down the deficit. We are going to hold government spending below the GNP. We are going to bring Canada's finances into good working order." Every minister of finance since I have been here has said that. Yet here we have a deficit of \$14 billion. Last year the deficit was \$11 billion. The year before that it was \$8 billion. These are the amounts they were looking for in terms of borrowing authority. The record says that next year the amount will be \$17 billion. That is what the record says, and that is what it will be unless something changes.

How do we reduce this deficit? How do we start paying off the national debt? There are two alternatives. We can either raise taxes—raise money, raise revenues—or reduce expenditures, or both. How do we raise revenues? Can you raise taxes, Mr. Speaker? Is that method available to us? I do not think it is. I do not think raising taxes will in fact generate any more income. On the contrary it will probably result in a loss of income. The explanation for that is perhaps not that simple, but it is based on the concept that we are already collecting more revenue. The taxes in this country are already higher than Canadians are willing to pay. We are already trying to collect out of the hides of Canadians for the benefit of the national government more money than the people are willing to pay. In a democracy, that cannot be done. It probably cannot be done under a dictatorship or under a tyrannical regime. The theoretical base for this, as many in this House would be aware, has recently achieved some prominence among economic schools of thought, which are sometimes referred to as neo-conservatives in their approach. They are sometimes referred to as supply-side economists. There are other names.

If one were to make a graph of government revenues versus tax rates, one thing you know about that graph is that it goes through zero at zero per cent and 100 per cent. In other words,