

### *Borrowing Authority*

These are the kinds of expenditures that come from mismanagement and a lack of control. These amounts could have been saved for the Canadian public if the government had any interest, desire or motivation with respect to looking after and properly managing the taxpayers' money in this country.

In some cases the Liberals have driven up the cost of government by rewarding their friends and attempting to buy votes in order to remain popular. That is the tradition of the Liberal party. Their political strategy has been spend, spend, spend, particularly at election time. At that time nothing is sacred. They spend money to buy their way back into power. Unfortunately, they are using the taxpayers' money, increasing the deficit and causing serious problems not only for us, but for our children and children's children.

I want to remind hon. members of a period of time which was particularly devastating to the Canadian economy. It was during the minority government of 1972-74. At that time, in order to sustain power and deal with their bedmates and friends in the Democratic Party—

**An hon. Member:** They paid for it.

**Mr. Hnatyshyn:** The Canadian people are still paying for it. Spending rose during that period of time at a rate of 20 per cent per year. This is the price Canadians paid and will continue to pay because of the federal Liberal Party's desire to keep the New Democratic Party onside, to keep them in a coalition. The two of them have cost our country dearly both in terms of spending practices and the deficit we now face.

● (2130)

**Some hon. Members:** Hear, hear!

**Mr. Hnatyshyn:** There is another myth put forward by the government; that there is nothing wrong with having a large national debt. We hear that from government spokesmen from time to time. The government says we owe the money only to ourselves and that there are assets to offset the debt. The major problem with that particular argument is that the debt must be serviced in the current fiscal year, and the cost of servicing it will exceed \$11 billion. That is just under one tax dollar in every four.

Let us consider the consequences of one dollar of every four collected from the taxpayers of our country, going purely and simply to service the deficit and the debt incurred by this government, and preceding Liberal governments over the years. Of course, the Liberal Party thinks that is funny. It thinks that somehow attaining power, spending taxpayers' money and retaining power is all that counts in political life; that honesty plays no part in politics. One dollar out of every four dollars collected by taxpayers is used to service the debt! If you convert that to the liability of each taxpayer in Canada,

it comes to \$1,200 each every taxpayer in Canada. The gross debt is three times larger than the estimated value of the government's assets. So much for the argument of the government that somehow we have assets to counteract the deficit and the debt we have incurred.

Another argument or myth put forward by the government is that there is nothing wrong with short-term deficits. The federal government has not balanced its books since 1970 and is unlikely to do so over the course of the next five years. The Liberals maintain that since 1970 the deficit has been a short-term problem. There is nothing short-term about 15 years of deficit financing in this country.

Another argument that the Prime Minister in particular likes to put forward whenever there is a question about the deficit in our country and the spending activities of the government, is that compared to other nations, our deficits are not all that bad. I think statistics will prove that out of 17 OECD countries for which 1979 data is available, only five nations had a deficit which was proportionately larger than Canada's and 11 had a deficit which was proportionately less.

Since 1979 our fiscal situation has deteriorated. The United States, our largest trading partner, is expected to balance its books in the next year under its new administration. Considering the potential this country has, the ability of our citizens and our productivity, why are we in a declining deficit position?

I also want to deal with the argument put forth by this government that this deficit is not too bad in relative terms. I have heard the argument that relative to our GNP, our debt is smaller than it was at the time of the Diefenbaker government. During the Diefenbaker years, the government had a relatively large debt, due to the obligations created during the Second World War.

In 1960 the net debt was equal to 33 per cent of GNP; it declined to 13.1 per cent of GNP in 1975. However, since 1975 the net debt relative to our GNP has more than doubled, to a projected 28 per cent in the current fiscal year. If current trends continue, this government will be unable to use that particular comparison much longer. It does not have the consequences of the Second World War to rely upon. This situation has come about because of its own spending habits, its mismanagement and its inability to deal seriously with the fundamental economic problems of our country.

I want to deal briefly with the fact that during the time this party was in power, it took steps to control spending. In the time that my colleague for St. John's West (Mr. Crosbie) was minister of finance, a real attempt was made to control spending and reduce the deficit. It took a lot of courageous action on the part of all ministers and members of this party to bring things under control and reverse the tendency to increase the deficit.