

Borrowing Authority

There is absolutely no way that we are ever going to get inflation down with the present Government policies. We should realize that the last number of years have been really good years in the Canadian economy, better than perhaps we have ever experienced, and yet our national debt has increased more during that period of time than it ever has before in Canadian history. The debt cost today is considerably greater, one and one half times greater, than the budget was when the present Prime Minister took office. So this should really tell Canadians what is happening.

Governor Bouey of the Bank of Canada made a statement that I agree with, that those people who invest money have a right to have a return on it, and if the interest rate is not over the inflationary factor then they are not getting any return on their investment. Therefore it is of paramount importance that inflation be held down as well as interest rates because of the fact that interest rates will kill us. The person who is investing money would be just as well off if we had an inflation factor of, say, 1 or 2 per cent, and he was getting 5 per cent on his money. He would probably make a greater return on his money in that kind of situation than he is at the present time.

I believe that at the present time the number one villain in Canada is high interest rates. My colleague, the Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) has just told the House what effect high interest rates have on our Canadian way of life. For instance, when we have a Government that is exceeding its expenditures this year and will have to borrow money, probably \$30 billion, \$35 billion or \$40 billion next year just to operate, and if it makes the same mistake next year that it made this year, then certainly we will have a deficit in the \$40 billion bracket.

Mr. Speaker, you will remember that this year when we started out we were going to have a \$10.6 billion deficit, then it got to \$17 billion, then up to \$23 billion, then to \$26 or \$27 billion, and it could well be up to \$30 billion before we are through. So if we miss it by \$20 billion next year, it means that we are at \$50 billion, because the Government now says that it will need to have a \$30 billion deficit next year.

This is why we are in such serious times. The role that the Bank of Canada plays in establishing the weekly Thursday prime rate is not the only influence that the Government has on interest rates. As I said, its deficit spending and its massive borrowing is creating a situation whereby too many Governments, corporations and individuals are chasing the too few dollars that are up for borrowing. The end result is that this competition in the borrowing market forces interest rates to spiral upwards. The results of high interest rates have been devastating for Canadians, for small businesses, for farmers, for consumers and for home owners.

There are farmers who do not know how they are going to be able to finance putting their crops in the ground this spring. That is a very, very serious situation that the Government has done nothing whatsoever to face. Countless thousands of Canadians have lost their homes or have forestalled the purchasing of a new or older home because of the unpredictability of interest rates. Thousands of small businesses and

individuals have been forced into bankruptcy; and unknown thousands of others have simply closed the door and walked away. These victims are not reported in the bankruptcy statistics but, if they were, the totals would be considerably higher.

This present Government has no idea of exactly how much money it owes. The gross debt is estimated at about \$140 billion. Crown corporation debt is another \$55 billion. In addition, the Government is using, to meet current spending obligations, the almost \$50 billion that public servants, RCMP and Armed Forces have contributed to their pension plans. Simple arithmetic tells us that these three areas total almost \$250 billion in liabilities.

I have said on other occasions that the Government should not be administering the pension funds of civil servants, RCMP and Armed Forces personnel. These funds should be removed entirely from the general revenues of the Government and placed in the hands of trustees who will ensure that the funds are administered wisely and well. I cite as examples of good trusteeship some of the pension plans in the private sector where these funds are invested in blue chip investments which bring handsome returns, and at the same time generate some economic activity in the community and in the nation. This is not a new solution to a problem. This is just the practical application of common sense. For years the Government paid a pittance in interest to these pension contributions, 4 per cent per annum. It is considerably higher now but still far less than these massive pools of capital could earn in the marketplace, invested wisely by trustees.

I said earlier that the Government really does not know how much it owes. Can any Member on the Treasury benches tell me what the Government's obligations are in contingent liabilities? Can any Member on the Treasury benches tell me what long-term low-interest loans to other nations, some of them hostile to our way of life, are costing Canadians? Can any Government Minister tell me the Government's response to the Auditor General's charge that about \$4 billion of these loans ought to be written off and considered as gifts or outright grants? Our spending is out of control. The Auditor General has told us that, and we have no reason to believe that the Government has been able to bring it under control.

We have a foreign aid bill in the ballpark of \$2 billion. One million dollars is dispersed in multilateral aid through the World Bank, the International Monetary Fund, the United Nations and so on. The other \$1 billion is parcelled out in bilateral aid by CIDA, which has almost 1,100 employees in red brick skyscrapers in Hull, and about 55 people out in the field. I ask you, how can one administer a foreign aid program effectively sitting on you-know-what over in Hull? Better that we should funnel these funds through the churches, the Unitarian Services, the Red Cross, rather than just letting them trickle down through CIDA programs.

I would like to go on, Mr. Speaker, and perhaps I will do so at a later stage in the debate.