

*Borrowing Authority*

had smaller old age security payments. We often forget that the Canadian Mortgage and Housing Corporation is the only agency in my region which makes mortgage loans and, if the Government had not provided that tool for Canadians, how much would people in my region have to pay for the mortgage loans which they now get at ridiculously low rates?

I should mention our young people who are given help through welfare payments, unemployment insurance benefits or job creation programs, and who are still free to plan their future as they see fit. Soon a youth hostel will open in my region thanks to the tens of thousands of dollars spent by the Canadian Government. Why? To give young people an opportunity to become independent, to express their views and to meet one another. That is what the Government wants to achieve through its various policies.

The Canadian Government is handing out huge amounts under the various health programs—\$17 billion this year in equalization payments to the provinces—not to mention direct payments to the people through grants to the agricultural and industrial sectors or direct job-creation programs. And why do we do that? Simply to keep the economy going.

Mr. Speaker, I think that the worst enemy of any country is the narrow-mindedness of some people, and, unfortunately, I have come to realize that Members opposite are often narrow-minded. How easy it is to say that one is against the metric system or for the 6 and 5 program, but that it should not be implemented, and what not. That is what we are fighting against and what Canada has fought against. Those billions of dollars end up in the pockets of Canadians somewhere. That is where they end up and, in my opinion, Parliament ought to give the Government an opportunity to help Canadians weather the difficult times we are now going through.

[English]

**Mr. Benno Friesen (Surrey-White Rock-North Delta):** Mr. Speaker, I have been following with some care but some difficulty the kind of verbal convulsions coming from the Hon. Member for Lac-Saint-Jean (Mr. Gimaiel). But we are used to his kind of verbal convulsions. I recall about 18 months ago he defined for us in the House what constitutes a Liberal. It was quite a definition and he ended up by saying that anyone could be a Liberal even if it takes being a communist. You could be a Liberal and a communist at the same time.

**Mr. Fisher:** We are democratic. We do not try to keep people out. We are open-minded.

**Mr. Friesen:** Well, Mr. Speaker, *Hansard* records what the Hon. Member said at that time. I listened with care to his theory of economics today. I must confess I believe he got his theory from Marx, but it was not Karl Marx, it was Groucho Marx. What he had to say about what constitutes economic theory was nothing short of humorous.

He said, and I believe I quote him accurately: "A budget merely tells the Canadian people what the Government is doing with the money". I suspect that that might be one of the

functions of a budget, but certainly, Mr. Speaker, it is a lot more than that. I hope on reflection the Member will recognize that the budget sends some very definite signals to the business community as to the intention to involve the co-operation of all other aspects of the Canadian economy in the business of the country.

● (1200)

I have with me, Mr. Speaker, the current issue of the Surrey Chamber of Commerce "Bulletin", and it so happens that it contains a quotation from the former President of the Treasury Board, the current Minister of State for Economic Development (Mr. Johnston), the economic czar of Canada. He said:

My concern is the desperate need we face in this country to find more equity, risk money, to finance new ventures, and indeed to reduce the present excessive dependence of business on bank credit. It is new investment in capital equipment and technology that generates productivity gains, brings down our costs, and improves our international competitive position. To the extent that equity replaces borrowed capital, it reduces the upward pressure on our interest rates. A number of proposals to encourage investment have been put forward. The president of the Toronto Stock Exchange proposes tax credits for the purchase of treasury shares in Canadian corporations. Everyone in the business wants something done about the capital gains tax, and I must say I have sympathy for this plea—particularly from the point of view of recognizing and allowing for the inflationary content in long term gains.

Now, Mr. Speaker, one of the problems the business community faces is the confused signals coming from the Government benches. If a trumpet gives an uncertain sound, how can one prepare for battle? On the one hand, you have those so-called rigid economists like the former President of the Treasury Board, who say that Government borrowing hurts the business community. On the other hand, you have all the other Ministers of this Government saying we have to borrow more money, as the Hon. Member for Lac-Saint-Jean says, in order to be compassionate. As long as the Government speaks with two voices there will never be a clear, dependable signal to the business community as to how it can arrange its own projections.

The fact is that the former President of the Treasury Board is exactly right. When the Government borrows money the way it is today, \$30 billion for one year, most of it from Canadian citizens, the Government enters into direct competition with the business community for that capital. Now, as soon as the Government competes with the business community for money it puts pressure on interest rates. In my community one lending institution sold \$1.5 million worth of Savings Bonds because the interest rate the Government offered was so high that it was more attractive than what the business community could offer. In one day it took \$1.5 million which could have been lent to the business community. Then you have \$30 billion being borrowed by the Government this year alone in order to run its affairs, and that is \$30 billion which could have been used by the business community in Canada. In doing so the Government has narrowed the option of the business community so that it cannot function properly. That is the first bad effect of this borrowing.