

ment never seems to be able to come under the projected deficit. It is always over. Spending in 1984-1985 will be up a further 9 per cent. Here is a government, Mr. Speaker, with a large deficit already, which cannot seem to come to grips with the economic realities of today. Therefore, the only solution it has to the problem is to borrow, borrow, borrow.

What is going to happen? What will the results be from what the Government is doing? What are the costs to the Canadian people? I was amused when the Minister introduced the closure motion and talked about the goal of the Government to minimize interest charges. We all remember, Mr. Speaker, in the fall of 1981, how it minimized interest charges by bringing in a Liberal interest rate of 19.5 per cent for Canada savings bonds. That was part of the Liberal high interest rate policy which carried on through 1980, 1981, 1982 and 1983. That policy was responsible for record high bankruptcies, record high foreclosures, record high powers of sale, and record high farm bankruptcies. That was the result of the Government's policy.

What are the costs? The Canadian people have the cost of paying the interest on this ever growing burden. It is our estimate, Mr. Speaker, that servicing the debt in 1984-1985 will cost an estimated \$20 billion. That is \$800 for every man, woman and child in Canada. It is \$1900 per taxpayer. Interest on the national debt will be 4.7 per cent of the Gross National Product of Canada.

What is the second cost to Canada? It is the loss of fiscal flexibility. I was also amused when one of the previous speakers talked about the importance of the Government having access to financial markets. No government could possibly go to financial markets as often as this one. In fact, in 1968-1969, \$1 in every \$9 raised by the Government was needed to service debt. Today, \$1 in every \$3 is used by the Government to service debt. Now when the Government goes to these markets it talks about, what does that do to the money market? Well, it is quite clear what it does. It crowds out the other borrowers. It crowds out businesses which do not want to throw money away like this Government but want to create jobs, and it raises their costs of doing business. That is one of the economic costs we find from the practices of the Government. Further more, if those people cannot get the money in the money markets in Canada, they are forced to go out of the country to borrow. That means they are going to pay higher interest rates.

The last cost, Mr. Speaker, is perhaps the cost we should be most concerned about, that is, the lack of confidence which the continual borrowing brings about in the minds of the Canadian people and in the minds of the international markets which watch us. I believe that is the cost we are all paying right now.

I regret that my time is cut short. I appreciate that that is a rule of parliamentary procedure. It is very unfortunate that the Liberal Party is cutting off debate on this Bill and, naturally, our Party will be voting against the motion to cut debate.

Time Allocation

[*Translation*]

Mr. Alain Garant (Parliamentary Secretary to Minister of State (Finance)): Mr. Speaker, I take great pleasure in addressing the House on one of the most important Bills it is now considering—the Borrowing Authority Act.

Mr. Speaker, we must realize the vital implications of this Bill for all Canadian citizens, wherever they may be. Needless to say, Hon. Members have commented at length on the size of the deficit, and Opposition attacks in this respect have not been lacking. However, I think it is time to look at the facts.

The Canadian people will realize that in the middle of the recession we have just experienced, this Government acted responsibly. No Mr. Speaker, it was not easy, during the recession, to reconcile social and economic considerations. However, our Government managed to maintain our achievements in two areas that are so essential to the well-being of Canadians.

The problem was how to help those who were most severely affected by the economic recession, while injecting the necessary funds to sustain levels of economic activity, lessen the impact of the recession and thus create much-needed jobs. Mr. Speaker, we chose to pursue our humanitarian policies, although it would have been very easy to shirk our social responsibilities.

The better times we are experiencing today are proof that we did the right thing. The economy is improving regularly, and the Government is continuing to introduce economic policies aimed at bringing down inflation, increasing employment, cutting Government expenditures, thus reducing the deficit but doing so in an orderly and responsible manner.

How can the Opposition maintain its arguments, which do not hold up under closer analysis? How can they claim the Canadian Government is spending rashly when it has been proven, and the figures are there, that half of the increase in the deficit recorded since 1981 is directly due to the impact of the recession on public revenues and expenditures, and especially unemployment insurance benefits.

A substantial portion of the remaining increase in the deficit is due to increased public debt charges. Thus, only a relatively small proportion of the expected rise in the deficit is due to official and discretionary measures taken by the Government.

● (1610)

Mr. Speaker, this Government has decided to accept a relative increase in the deficit in order to support economic activity in periods of cyclical weakness, because it realize that continued recovery will automatically bring about an orderly reduction in the deficit, as could already be seen in the last Budget brought down by the Minister of Finance (Mr. Lalonde).

Mr. Speaker, on what basis are Opposition Members claiming that the level of the federal deficit demonstrates this