

I suggest that second reading of this bill gives members of the House of Commons an opportunity, as parliamentarians, to discuss in principle the questions related to the borrowing of this money. These are related to the larger question of why we are in these circumstances today. We can make constructive suggestions to the government. It can take advantage of the advice it receives from members representing constituencies across this country.

● (2120)

Canadians are anxious that Members of Parliament discuss the economic circumstances of this country. The role of parliamentarians is to represent their constituents, to discuss the issues that are relevant and important and to have some control over the executive which would otherwise go unfettered. The imposition of closure should be of serious concern not only to members of the opposition, but to the government, the backbenchers in particular. This is one opportunity for them to bring to the attention of the executive, the cabinet, their concerns, apprehensions and hopes for the country. Any move on the part of this government to impose closure is a retrograde step that we and the people of Canada do not deserve.

I want to deal with the question of why this borrowing bill is so important. A number of myths have developed and have been, if I may use the term, perpetrated by this government. There are suggestions that somehow this borrowing is not all that bad, that we in Canada should not be too concerned about the government borrowing such an enormous amount of money.

One of my colleagues pointed out that this borrowing bill is like giving the government a *carte blanche* to spend, because it does not have the ability to control spending. Certain myths have been perpetrated by supporters of the government. I am not sure if the hon. member for Ottawa Centre (Mr. Evans) supports this proposition, but one myth is that deficit spending is good for Canada's economic health. Nothing could be further from the truth.

The myth has been spread across the country that somehow deficit spending is in fact helpful in terms of the government's activities and responsibilities. Deficits do not necessarily occur as a consequence of measures designed to promote economic growth. A considerable portion of the existing deficit is purely and simply the result of the failure to achieve economic growth.

If a deficit has been incurred as a consequence of measures taken to promote economic growth, there may be some economic benefit from it. As the same time, however, regardless of how the deficit occurred, there are serious economic consequences. There are really only two ways to finance a deficit. The first is by the printing of money. This leads to an expansion of the money supply and increased inflation. The second is the method used under the provisions of this bill, namely, borrowing money.

### *Borrowing Authority*

Borrowing money, as contemplated by this bill, has a number of consequences. It crowds out private sector borrowing and increases interest rates. At a time when we are faced with unprecedented interest rates in this country, it should not be lost on the supporters of this government that one of the consequences of this bill will be that the borrowing of this money will have a very deleterious effect on interest rates and very serious consequences on the average consumer.

In recent years, net new federal borrowings accounted for more than one-third of non-consumer borrowing. I ask hon. members to consider the consequences of what I am saying. This is a frightening prospect in terms of the direction in which we see this government moving in these economic programs, or lack of programs and planning.

When a government borrows money, its total interest costs go up and, as a result, the deficit goes up. In the normal course of events, more money must be borrowed to pay the interest on past debts.

Another myth perpetrated by this government is that somehow this deficit that they have incurred is increasing year by year, as certain as the sun comes up in the east and sets in the west, because it is taking positive initiatives which are somehow directed toward assisting Canadians. It is fair to point out at this time, with respect to this bill, that a number of factors are responsible for Canada's recent deficit. One of the most important is the fact that we have economic mismanagement and we have had this mismanagement from successive Liberal finance ministers. Poor economic performance results in slow revenue growth and increased expenditures in social programs such as welfare and unemployment insurance.

In addition, the inflation generated by the Liberals in the seventies has driven government spending up at a faster rate than revenues. Unnecessary spending by this and preceding Liberal governments has caused a drain on the treasury. I will not waste the time of the House listing examples of unnecessary spending, but there is one of recent interest that comes to mind.

**An hon. Member:** List them.

**Mr. Hnatyshyn:** There is an awful urge to list them, but I only have 40 minutes and it would take far more time than that to list the unnecessary expenditures of this government.

There is one example that the hon. member for Vegreville (Mr. Mazankowski), having served as minister of transport, will remember well. I refer to Mirabel airport, a \$500 million white elephant. The Liberals have consistently failed to exercise adequate cost control over projects and programs. In October, 1979, for example, it was discovered that cost overruns on ongoing projects initiated by Liberal governments totalled \$1.1 billion. In 1978, the Unemployment Insurance Commission paid \$290 million to persons not legally entitled to receive benefits.