

The Address—Mr. Crosbie

not in the total outlays, but in government spending. There is some unexplained decrease in government loans and so on that will have to be explained by the hon. gentleman if he wants to be believed that that brings total outlays up only \$2 billion.

The minister tells us that debt charges are up \$500 million to \$10.7 billion, which is what it is going to cost the people of Canada in interest this year on the debt. On what debt? It is on the debt incurred in the last six or seven years by the hon. gentlemen opposite, who are no sooner back in office than they start out in the magnificent way on the old route to bankruptcy that they were taking us on before we interrupted them for a few brief months last year.

What is their deficit going to be this year? It is not the \$10.4 billion that we had planned and estimated, but \$14.1 billion.

Some hon. Members: Shame!

Mr. Crosbie: The United States of America is reducing its deficit in the next financial year to zero. The Americans are convinced that this is the way to go to try to overcome the endemic inflation in their system and in ours. But the deficit that we are going to have under the new Minister of Finance is going up to \$14.1 billion. The United States is ten times as large as Canada and the comparable debt in the United States would be \$140 billion. The government is going to put the deficit up \$3.7 billion according to this statement.

Mr. MacEachen: No way!

Mr. Crosbie: No way, the minister says. If it is no way, where are his revenue increases? Why did he not have the courage and the guts to come in here tonight and say it?

Some hon. Members: Hear, hear!

Mr. Crosbie: What about borrowing? If we had stayed in office, the borrowing requirements would have totalled \$8.2 billion this year. Under this Minister of Finance's irresponsible statement it is going to \$11.7 billion of borrowing; up \$3.5 billion. This is the Minister of Finance who, when he was out of power, had a surrogate finance critic who is now the Minister of Industry, Trade and Commerce (Mr. Gray). He was against interest rate increases and said that things could be done, that there are other alternatives. But now these people are back in power, he is shoved aside, and there is a new man involved, the new Minister of Finance who says he is following the Bouey policy—the Bank of Canada policy. He says that that is the right policy. He says that there is no alternative to the Bouey Bank of Canada interest rate policy. There is no alternative, he says, to governor Bouey's policies or to the policy that we had followed. In answer to a question a few days ago he said that he was following the same policy that I was following. Well, he was not following it very well when he was in opposition and we were in office.

But what does the governor of the Bank of Canada say in the annual report filed here today? The Minister of Finance

has studied it with great care I am sure. I quote from *The Globe and Mail* of March 20:

The Bank of Canada has warned the federal government that its large fiscal deficit is discouraging business investments and holding back productivity gains in Canada.

"The fiscal deficits absorb savings that could otherwise be channelled by financial markets into financing the expansion of plant and equipment."

Also, if Canada wants to reduce its current account deficit and its reliance on foreign investment (savings), the governor in the annual report said this:

—we shall have to pay careful attention to the rate at which domestic savings are being absorbed by the fiscal deficits of our governments".

That is the warning from the governor of the Bank of Canada. That is what has been ignored by this new Minister of Finance who does not have the courage to raise taxes as he should to keep this fiscal deficit down. This fiscal deficit is going to use up domestic savings. That is going to compete with those in the private sector who want money in equity and loans to expand their productive capacity which they now cannot do because of this giant government deficit that has to be financed this year.

This is a year when Canada Savings Bonds are already being turned in at an ever-increasing rate because the 12 per cent interest rate is too low compared to where other interest rates have gone in this country since this government took office just at the beginning of March.

They are going to ignore all the advice of the governor of the Bank of Canada that is politically unpopular. They could not ignore the interest rate increases because, as the minister said himself in an interview several days ago, as reported by the *Toronto Star*—the "Bible"—for April 18, 1980:

MacEachen said the lower rate was "welcome news" but "it's worth pointing out that the high interest rates we have had and the very rapid increases in these rates recently have been the direct result of action taken in the United States."

Here is the Minister of Finance of Canada admitting that he is powerless, that he cannot do anything, that he is in the hands of the United States and high interest rates in the United States. That is not what we heard when "tattle-tale Gray" was across the aisle as the financial critic. But now we are told that this mighty Samson from Cape Breton is bound hand and foot by interest rates in the United States.

Some hon. Members: Oh, oh!

An hon. Member: The recycled minister.

Mr. Crosbie: What is the way for the minister to reduce this huge deficit? Why, the President of the Treasury Board (Mr. Johnston) has disappeared. He has vanished in the night like a vampire.

Some hon. Members: Oh, oh!

Mr. Crosbie: Increased revenues are the only way to reduce the deficit, said Johnston in an interview on CTV. He was asked whether he thought it true that a deficit could only be overcome by increasing revenues. He replied, "I would judge that to be correct". Well, the message has not reached the