

umbrellas. One more go with this outfit, and I just do not know what will happen to our wonderful country of Canada.

Even this is not the total picture. The phalanx of Crown corporations do not require special authority from Parliament to raise funds in financial markets, nor must they tell Parliament what their financial requirements will be. Deficit financing is the legacy of the present Prime Minister's Government.

The Hon. Member for Ottawa Centre (Mr. Evans) stated the Liberal position quite clearly on February 22, 1983, long before we were thinking about this debate, when he told the House that "a deficit is no more and no less than an increase in future tax liabilities". He went on to say:

The present economic situation being as it is, I believe that the best way to stimulate the economy and maintain the income support programs that are necessary in our economy is to use the deficit.

That is the philosophy of the Government. The Liberals have certainly used the deficit; however, the only thing that has been stimulated has been the deficit itself. By their policies our dollar is softer than pita bread dough.

As Hon. Members are aware, interest rates are now rising rapidly. Last week one-year Treasury bills moved from 10.44 per cent to 10.95 per cent, an increase of over 50 bases points or about one-half of one per cent. The present net federal debt matures within about 2.5 years and its essential following interest rate debt. The effect of last week's increase alone increased the cost of carrying the \$150 billion net debt by \$750 million. This "little" increase totally shattered the Budget of the Minister of Finance (Mr. Lalonde), in my opinion.

On a national accounts basis, spending has climbed from \$12.6 billion in 1968, a year that I would like to forget, to an estimated \$107.5 billion this year. That is an increase of 773 per cent. Most of that increase has occurred since the Liberals were re-elected in February 1980, believe it or not. Relative to fiscal 1979-80, spending has risen by 97 per cent on a national accounts basis. There has been 97 per cent increase in spending since that day in 1980 when the Prime Minister stated, "We will not allow the deficit to rise any higher from any new program we announce". Let us keep that high-sounding promise in mind as we review the situation today.

● (1630)

By the end of this fiscal year the gross debt will be \$190 billion. It was \$31 billion when the present Prime Minister took office. The net debt this year will be \$150.7 billion compared with \$17.7 billion in 1968. The Budget of three weeks ago will add \$110.8 billion to the net debt over the next four years. Remember, we have an increase in excise tax coming in October. The net national debt will have quadrupled to \$261.5 billion in only eight years. Is it any wonder they have no qualms about walking in here and asking for an extra measly \$29.5 billion? Government spending is now 26 per cent of GNP. How silly can we get? The cost of servicing this shameful debt in fiscal 1983-84 is \$18.1 billion, rising to \$24.7 billion by 1988, an increase of 17 times the cost at the time when the Prime Minister took office.

Borrowing Authority Act

In 1984-85, service costs will reach \$20.4 billion, or \$800 per capita, or \$1,900 per taxpayer. As has been pointed out, this is double that in the United States. Is it any wonder that Revenue Canada must stoop to such depths to wring every dollar from Canadians and then some? The cases on my desk alone are horrifying.

The only difference between this Government and Jesse James is that the latter used a gun. People knew exactly what he wanted and how he planned to get it. With this Government, most Canadians do not have a clue where we are going or how we are going to pay the cost of getting there. As I said, this Bill does not tell us one thing about how the money will be spent.

The enormous cost of servicing the debt interferes with private sector borrowing. In the 1983 calendar year, federal Government borrowing accounted for 58 per cent of the net new security issues placed in Canada. This forces interest rates up for the private sector borrowers who must compete for what little is left after the Government gets its share. As long as this continues, there is no way that the private sector can bring about an enduring economic recovery. It is obvious that the Government cannot do it. The result is the economic quagmire in which we find ourselves.

In its submission to the Macdonald Commission on the economy, the Bank of Montreal points out the danger to private sector-led growth stemming from the Government's deficit financing policy. It says that the most likely way to achieve higher rates of business investment over the medium term is to foster a decline in real rates of interest, a task that will be difficult to realize without a reduction in the federal Government's ever increasing claim on a limited pool of savings. It says also that without a reduction of the structural deficit, the resultant higher real rates could negate many of the tax incentives aimed at promoting business investment. John Bulloch of the CFIB pointed out another aspect of the problem in a speech last year when he said:

We still have to face the fundamental fact that we are looking at core deficits in our society that cannot be financed unless we curb its costs. To try to tax people for that amount would blow us out of the water as an economic power in terms of competing with the United States.

Note the references to core and structural deficits. The huge debt has become a fact of economic life in Canada. It seems that these ever-increasing borrowing Bills are here to stay, at least until the next election. That is what 16 years of this Prime Minister's style of socialism has done for us, started by the man who has the desire to replace him. It is too late for a new Liberal leader to make any difference. What is needed is a new Progressive Conservative Government committed to reducing the deficit, getting spending under control and restoring confidence—a word that Members opposite do not know the meaning of—among the business community. In its 1983 year-end economic assessment, the Canadian Chamber of Commerce noted:

In order to undertake long-term investment, business must be convinced that inflation and interest rates will not surge again. A clearly defined Government commitment to spending restraint and deficit reduction would go a long way