

Borrowing Authority

Why is it that Canada is doing so much worse than other countries? When I last checked the unemployment rate in West Germany it was 8 per cent, in Japan it was 2 per cent and in Switzerland it was .4 per cent. According to *Euro-money*, last year we were in 55th place out of 81 countries in terms of economic performance and 24th out of 24 OECD countries.

One of the reasons for this, Mr. Speaker, is that the Government has soured the entrepreneurial atmosphere in the country. More investment money flowed out of Canada in 1981 than ever before in our history. Some \$10.3 billion of direct investment left Canada, about half of it due to Canadians taking their money out of the country and the other half due to foreigners taking their money out. Those billions of dollars represent how many lost jobs?

As the billions fled the country, the Bank of Canada resolved to try to keep interest rates above those in the United States on the theory that this would attract foreign money to this country. They tried to keep the dollar at about 80 cents U.S. How many bankruptcies were caused by sky-high interest rates in this country in the last 18 months? How many houses and apartment buildings were not built because of the interest rate policy? In my view, Mr. Speaker, the interest rates we have experienced have killed thousands and thousands of jobs and businesses in the country.

Tax levels are now a major drag on our economic growth. In British Columbia the average family earned \$29,201 in 1982 and paid 41 per cent of \$12,114 in taxes, made up of \$4,055 for income tax, \$1,755 for social security, pension, medical and hospital taxes, \$1,683 for sales taxes and \$1,218 for property taxes and so on. The average Canadian now spends more on taxes than on food, clothing and shelter combined. The 1981 budget did not help the situation by increasing taxes by about \$1.6 billion. That is not the way to lift the economy out of the pits.

The national energy policy, which was primarily designed to serve political and not economic objectives, helped push Canada into a recession. Megaprojects such as the Alsands and countless smaller projects died. The program brought in new taxes. As an example, the petrochemical industry in Alberta had ten or eleven natural gas based projects planned, but now all have been postponed, retarded or cancelled because of the new natural gas taxes imposed in the National Energy Program. Today one of the existing plants is building an expansion facility in New Zealand while Alberta is practically bursting with natural gas.

The Government is perceived by many foreigners to be hostile to overseas investment because of FIRA. Just the other day I was on a plane with a person active in the office equipment business. He told me that he wanted to start doing business in Canada and would create 125 new jobs. It cost him \$15,000 in legal fees and took three months to get through FIRA. It took only two weeks, however, to get started in West Germany and about the same in Australia and the United Kingdom. He persevered, but how many investors have not

persevered to create new jobs because of the obstacles put up by FIRA?

One of the recent budgets reduced the first-year capital cost allowance at a time when all companies are short of cash flow, especially small businesses. Who knows how many small businesses did not expand or laid people off. It is like garroting a golden goose, small business being the goose that creates most of our new jobs.

The Government has soured our relationships with our closest trading partner through the NEP and FIRA. Last year 50 bills before the U.S. Congress directly or indirectly involved trade retaliation against this country. The problem is how to get out of this situation. It is obvious that the Government has cut the economy with a thousand cuts and is not going to get us out of it.

In closing, I should like to refer to Professor Lipsey again, Mr. Speaker. Last summer he said that Canada should rejoin the international business community, restore confidence both domestically and internationally, and that economic nationalism is something that we cannot afford. I heartily agree with him, Mr. Speaker.

• (1200)

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, let me enter this debate by asking you a hypothetical question. Let us suppose that I could be instantaneously transported from my place here in the House of Commons to Ryckman's Corners at No. 53 Highway on the Mountain, or along Wilson Street in Ancaster, or to Market Square in Dundas, or to the Village Fish'N'Chips Coffee Shop in Waterdown, or to the Carlyle General Store, or to the Freelon Post Office, or to the main streets and intersections of Binbrook or Sheffield or Rockton or Mount Hope, or any one of the 50 communities I represent in Hamilton-Wentworth. Let us suppose I could speak right now to anyone in my riding, or I could talk to my parents out in Vancouver, and say: "I am at this very moment representing you in the House of Commons on a Bill which authorizes the Government of Canada to borrow 19 billion more dollars to meet its spending requirements".

I do not have to imagine what responses my constituents would give to that statement. At the very least they would be exceedingly unparliamentary. Let us suppose that their answers would run along the lines of: "What? In Heaven's name, why do they need another \$19 billion? Has this Government not spent enough of our money? Why do they need another \$19 billion for this"—expletive deleted—"Government? Don't let them get away with it!"

I am speaking today to denounce in the strongest possible terms the granting of an unprecedented amount of money to pay unspecified bills for programs which are not yet clearly identified. The \$19 billion which the Government seeks to borrow is an astonishing admission that this Liberal administration is bankrupt. It is bankrupt in terms of revenue. It is bankrupt in terms of ideas and policies. It is bankrupt in terms of moral authority to impose this kind of burden on the Canadian taxpayer.