

Borrowing Authority

[English]

When there is no Budget or estimates for next year, how can responsible parliamentarians be expected to entertain a demand for \$16 billion for next year? I see that the Minister of State for Finance (Mrs. McDougall) is smiling. I am aware that they deal with big numbers on Bay Street but when we are asked to approve \$16 billion without one scintilla of evidence about how that money is to be spent, I ask the Government House Leader (Mr. Hnatyshyn) what he would do if he was in our position.

Mr. Hnatyshyn: I would ask the Hon. Member for Saint-Maurice (Mr. Chrétien).

Mr. Johnston: I know what he would say if he was allowed but tomorrow morning he would be out on the new carpet in front of the Prime Minister's office.

Apart from the fact that we have no estimates or Budget, my colleagues and I are still trying to recover from those extraordinary numbers presented by the Minister of Finance in his economic statement a few weeks ago, which was a mini-budget.

There is certainly no way that we could entertain a request of this kind without at least having access to the facts and data in an economic statement which indicated that the deficit for 1985-86 would increase by \$9.1 billion beyond the amount presented by the same officials through the predecessor to the Minister of Finance in February of this year. There is another candidate for the program "That's Incredible". I suggest that something is rotten in the state of Denmark when one looks at the agenda and the requests presented here.

The Minister of Finance agreed when we asked him to come before the committee. We want him to appear before the committee as soon as possible because we need that explanation. We require the estimates and his final Budget before we could possibly entertain a request such as this. There are too many questions that we want answered. We want to examine the Minister and his officials in light of this demonstrated incompetence, with an increase of \$9.1 billion during that brief period of time. We want to know whether the numbers presented in the November economic statement have any more credibility than the numbers presented last February. I suggest that they do not.

Why should we assume that the November numbers which presumably underlie this outrageous request are correct? There is no evidence in the Government's document, "A new Agenda for Canada", which was tabled in the House, to justify that extraordinary increase of \$9.1 billion.

Let me quote some of the language used in this document to justify this change in the projections. It states that "The economic outlook is bleaker in 1984 and 1985". I would point out that in the document that was presented the real GNE in 1985 was estimated at marginally less than what the Minister of Finance had provided in his earlier documentation. The same is true for economic growth to the end of the decade.

It is certainly not the issue of growth which has created this deficit because the numbers do not justify that. For example, let us look at the Consumer Price Index. The CPI for 1984 is estimated at 4.5 per cent in this new agenda. It is interesting to note that when one sees the CPI increases this year, we have moved from a base point of 119.6 to 123.2 for the period January to October. When that is annualized it translates into the number of 3.61 per cent. That is the real increase in the cost of carrying on government this year. Do we have inflated numbers in future years, particularly next year, which brings this deficit up to \$37 billion, as we appear to have in the current year? Is it not appropriate for us to have answers to these fundamental questions before we write a cheque for \$16 billion to the Government? Let us look at some of the other data.

Mr. Fennell: That sounds familiar. We have heard this song before.

Mr. Johnston: I will deal with the Hon. Member for Ontario (Mr. Fennell) later.

It is my submission that there is a real conflict of interest in the Government and in the Department of Finance. There is an obvious desire to bloat the deficit in order to make it look as unreasonable as possible. This is not only meant to intimidate and scare the population but to allow the Government to say later, when the real numbers come in, that it did a great job.

I have an article from which I will quote later which is probably known quite well to the Minister of State for Finance. It is a marvellous article that was written in *The Atlantic Monthly* in December, 1981. It is entitled "The Education of David Stockman". I suggest that the Washington connection that we have witnessed with the Government goes far beyond the relationship between the Prime Minister (Mr. Mulroney) and the President. It would appear to go right down to Mr. Stockman. We saw the techniques that were used, the numbers that were run and the attempts that were made to change the numbers in the data. We saw how easily the numbers were changed. We saw that exercise which was celebrated at the time. It seems to me that there is a David Stockman buried close beneath the surface of the Department of Finance. There are some interesting quotations in that article which I will touch upon in the course of my remarks.

I suggest that there is a real conflict of interest and I am very suspicious of the numbers. Furthermore, we have solid evidence upon which to be suspicious. Let me draw some of the evidence to the attention of the Minister of State for Finance.

We know that one of the celebrated cuts was that of \$154 million out of the Department of National Defence. Of course, this came on the heels of trips by the Minister to NATO and Washington where he said the Government was going to increase the defence budget. I am tempted to say that I suspect that the Minister of National Defence (Mr. Coates) is now regarded by his NATO colleagues as the "minister of oral rearmament", because that is all that we have heard to date. The minister of oral rearmament, when questioned in the