

Borrowing Authority

• (1610)

GOVERNMENT ORDERS

[English]

**SUPPLEMENTARY BORROWING AUTHORITY ACT,
1983-84 (NO. 2)**

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-151, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. George Hees (Northumberland): Mr. Speaker, in dealing with Bill C-151, let us first of all see what the Bill does. It gives the Government authority to borrow on behalf of the taxpayers of this country a further \$14.7 billion. This is in addition to \$16 billion in authority that it already possesses for this year through Bill C-143, for a total of no less than \$30.7 billion. However, the financial requirements for this year are only \$26.7 billion. The Government is thus seeking authority to borrow \$4 billion more than it says it needs. What is this additional \$4 billion for? The Minister of Finance (Mr. Lalonde) has never come into the House and explained what this further requirement of \$4 billion is required for. Is it required for a Government slush fund? Is it the world's most expensive safety net, or just what is it? The Minister of Finance has never said.

Moreover, \$2 billion of the authority granted in this Bill and \$2 billion of the authority granted in Bill C-143 does not have to be used this year. It does not lapse until it is used. Parliament is being asked to grant authority today that might not be used until the year 2000. Think that over very carefully, Mr. Speaker. It is a long time ahead. Why is the Government so anxious to get this additional money that it may not use for a very, very long time?

This year's deficit has been 15 years in the making. It is due partly to slow economic growth and partly to irresponsible fiscal policies. The deficit has climbed from \$491 million in 1968-69 to \$31.3 billion this year. Spending has climbed from \$12.6 billion in 1968-69 to \$100.2 billion, on a national accounts basis, this year. Yet in August, 1969, the Prime Minister (Mr. Trudeau) warned, and I quote his words, "We'd be on the road to financial disaster if nothing was done to bring spending under control".

What has the Prime Minister done to bring spending under control? Absolutely nothing. Hon. Members opposite have been spending as though life is one great spree—spend, spend, spend—and the taxpayers of this country will make up the difference.

What are the costs of all this reckless spending? The growing interest burden is \$1,800 per taxpayer or \$700 per capita per year.

I should like to deal for a moment with the question of reduced fiscal flexibility. One revenue dollar in three today is used to service the debt, as opposed to one dollar in nine 15 years ago. For every \$3 the Government spends, it must

borrow \$1. If there had been no deficits since 1968 the cost of servicing the debt this year would be \$2 billion, not \$18 billion. That is a shocking thought, Mr. Speaker. It shows the complete financial irresponsibility of the Government.

Let us look at the fact that private sector spending has been crowded out more and more by what the Government has been doing. This year the financial requirements of the Government will be equal to 84 per cent of expected personal savings. Interest rates could rise this Fall if private sector loans pick up as a consequence of recovery. As for confidence, the investment community does not trust a Government that continues to live so far beyond its means. That is one of the reasons it is so difficult for the economy of this country to get on its feet and produce the jobs our people so badly need.

Now let us look at the future. To date the Government has come to Parliament seven times in this session to ask for more borrowing authority in the following Bills, Bills C-30, C-59, C-111, C-125, C-128, C-143 and C-151. In fiscal 1982-83 alone, the Government came to Parliament, hat in hand, four times to seek borrowing authority.

The fiscal projections tabled with the April 19 budget would suggest that Parliament is in for a steady stream of borrowing authority Bills over the next few years. The financial requirements of the Government of Canada over the next four years will total \$93.2 billion, so Bill C-143 and Bill C-151 are just the tip of the iceberg.

Over the four-year period extending from 1983-84 to 1986-87, the Government projects total spending of \$438.1 billion on a national accounts basis or \$390.5 billion on a public accounts basis. The deficit will total \$112.3 billion.

The Government's fiscal mismanagement is hurting the business community very much indeed. Interest rates have been higher than need be the case as a consequence of heavy Government borrowing. The Government has tried to raise revenues through measures that will hurt the business community. The "half-year convention" will hurt the cash flow of business. The 12.5 per cent small business dividend distribution tax will punish small-businessmen who dare to become successful enough to pay a dividend.

The Small Business Development Bond has become a "bailout" bond with an interesting Catch-22 situation—you cannot apply unless you are in trouble and if you are in trouble, the bank will not lend you the money. Is that not a shocking situation, Mr. Speaker?

Small-businessmen are no longer able to participate in new deferred profit-sharing plans. Increased taxes on employee benefits will place increased wage demands on employers and make it hard to recruit employees in remote areas. There is a need for less Government red tape and paperwork.

The April, 1983 budget does not go far enough in undoing the damage of the 1981 budget, particularly as far as small business is concerned. The investment tax credit and share purchase tax credits are, in the words of CFIB President John Bullock "... much too restrictive ... 90 per cent of business