

*Borrowing Authority*

purpose. It was a very good speech, but it missed one of the fundamental questions: Why does the Government need all this money?

I suggest that it needs it because it has been following the lead of the New Democratic Party. It has been introducing all these new spending programs. We have a little game going on here. We hear the NDP suggesting more ways to spend Government money, necessitating increases either in taxes or in borrowing. Gradually, after a time, these suggestions are picked up by their friends over in the Liberal Party.

**Mr. Cosgrove:** They voted with you last night.

**Mr. Nickerson:** Then the time comes to count the cost, and that is what we are having to do today. The cost in this Bill is \$19 billion on account of those socialist policies put forward by the NDP and followed by the Liberals.

**Mr. Blenkarn:** Absolutely right.

**Mr. Nickerson:** On the very few occasions when measures have been put forward in the House to reduce Government expenditures, what has happened concerning the NDP? Its Members have voted against them.

**Mr. Cosgrove:** They voted with you last night.

**Mr. Nickerson:** Not too long ago a Bill was presented for the purpose of reducing expenditures by cutting the salaries of MPs. It called for Parliamentarians to show the way, and with the support of this Party it eventually passed. However, the NDP voted against it.

**Mr. Cosgrove:** But they voted with you last night.

**Mr. Nickerson:** On a more philosophical level, I now want to challenge some basic assumptions which have become part of the conventional wisdom of this country. I initiated this matter in the House on February 15, and I do not think I was the first one. I recall in a series of presentations by the Hon. Member for Ottawa Centre (Mr. Evans) that he also broached such matters, although perhaps indirectly.

● (1250)

On February 15, under S.O. 21, I brought to the attention of the House that in 1968 when the Prime Minister (Mr. Trudeau) first took office the federal deficit was some half a billion dollars and at that time there were 350,000 unemployed Canadians. In 1975 the deficit had increased to some \$5.5 billion and unemployment then stood at 700,000. In 1981 the deficit was \$13.5 billion and unemployment at that time was 900,000.

If you study the figures for the last 20 years or so and plot them on a graph, Mr. Speaker, you will find that there is almost a linear relationship between the number of unemployed and the federal deficit. The conventional wisdom is that if you are faced with the problem of unemployment you go into a deficit spending position, and this is supposed to take care of your unemployment, the so-called Keynesian theory, although the way I read what that hon. gentleman said, he never did suggest that one could get anything for nothing.

If you were faced with the undeniable fact that there is an inversely proportionate ratio between the number of unemployed and the federal deficit and were unfamiliar with the so-called conventional wisdom, you would obviously come to the conclusion that it is the deficit that is causing the unemployment, rather than the deficit being the cure for unemployment, as is the position of the Government. If you look at the figures in other countries you quite often find that countries which over the years have had a smaller annual deficit in comparison to Canada, or have broken even, have experienced much less unemployment than countries which have indiscriminately increased their deficit. So there is not only a Canadian example to go by, but international examples.

Given that, it would be my suggestion that the cure for unemployment is not a continual expansion of the federal deficit. Indeed, it is the very opposite. It is a contraction of that deficit that will lead to reduced unemployment in Canada. If we can work towards a balanced budget, such as proposed by the Hon. Member for St. John's West (Mr. Crosbie) in 1979, that will bring about a reduction in unemployment and eventually will bring about full employment in Canada.

If this is examined in another way, the reason that is the case will be apparent. If we have a well-run system of finance in Canada, that will lead to stability. It will lead to confidence, something that is sadly lacking at the present time. With stability and confidence in place, that will lead to investment. Canada will be a safe place for Canadians and other people to invest in. Investment will bring about employment. That is the relationship, and that is why we should get away from what we are doing at present.

What we are on now is a treadmill approach to things. The deficit gets bigger and bigger. It is supposed to reduce unemployment, but it does not; it increases it. We do not want to give up the theory so we increase the deficit some more, which leads to more unemployment. "Try some more spending" is what the Government has been saying for years and years, and we now know that this does not work. In the past we have borrowed up to our necks. Canadians are taxed up to the hilt. They can hardly bear any more taxation. There appears to be practically no capacity left to tax more or to borrow more.

Let us look at what that is doing to our nation. I have read several ancient authors and they have said: "How do you judge the strength of a nation? How do you judge its capacity and capability to fight back?" If you see a country that has low taxes, that does not owe very much, that has its affairs in order, in the case of a military situation they know that if that country were invaded it would be able to fight back, because it would have the capability of raising taxes, of getting more money, of borrowing money elsewhere, either internally or externally. That would not be a country that you would choose to invade because they would be capable of fighting back. They would have the capacity to do so.

I suggest that the same thing happens economically. When a country is faced with an economic crisis, as many countries are