On motion of Senator Lynch-Staunton, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

ORDERS OF THE DAY

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

SECOND READING — DEBATE ADJOURNED

Leave having been given to proceed to Order No. 4:

Hon. Roch Bolduc moved the second reading of Bill C-113, to provide for government expenditure restraint.

He said: Honourable senators, it is my privilege to lead off the debate this evening on second reading of Bill C-113, to provide for government expenditure restraint.

These measures are essential to the government's efforts to contain the deficit and to maintain an environment that supports economic growth and increased employment.

This bill takes action in a number of specified areas. First, it will impose a freeze on salaries for elected representatives and government personnel.

Second, it provides for changes to the Unemployment Insurance Act so that average benefits payable to claimants over the next two years remain at average 1992 levels. It also provides for claimants who leave their jobs voluntarily and without just cause or are fired as a result of misconduct to be ineligible for UI benefits.

Third, it provides for the reduction by 10 per cent of certain regional transportation subsidies where the decrease requires legislative amendment.

Finally, it will implement a 10 per cent reduction in federal payments under the Public Utilities Income Tax Transfer Act.

I may point out that the measures in this bill were proposed only after a detailed impact study. The government proposes these measures because it is determined to strengthen economic recovery so that all Canadians will benefit. Deficit control is a key foundation for Canadian investment, for Canadian competitiveness, for growth and for job creation.

Before going into the details of this bill, perhaps I may recall for this house the circumstances that made this bill indispensable, in terms of both public opinion and pressure on public finances. The deficit and debt issue lies at the heart of many important decisions Canadians and all levels of government in this country will have to make in 1993. I think this is particularly true when we look at what is happening in Ontario and Quebec.

The importance of showing restraint in public spending was one of the messages the Minister of Finance received constantly in the course of recent consultations with private sector groups, in preparation for the next budget. Most senators will not be surprised at the consensus that emerged from these discussions. It reflects the fact that Canada is becoming increasingly aware of what it must do to prosper in today's highly competitive global economy.

The first message, of course, is that people want the government to do everything in its power to stimulate job creation and increase confidence, which in turn will enhance growth. The two other messages, however, are equally important.

Canadians insist on concrete measures to reduce and eliminate a public debt load which already handicaps our economy. In stressing this aspect, Canadians show they are mindful of the warning signals sounded recently by Canadian and foreign observers, to the effect that deficit and debt control is essential to the prosperity of this country. For example, in the United States, President Clinton has talked about the need to increase taxes and reduce spending in order to bring their government finances under control.

A report of the C.D. Howe Institute in Canada warns of the dangerous consequences, including the possibility that foreign lenders may eventually withdraw from Canada, of the continued lack of discipline in public finances.

A recent program on the CTV network reiterated this warning, reminding Canadians of the rigorous financial discipline imposed on New Zealand when lenders, faced with its debt, threatened to cut off its money supply.

The message is clear.

Borrowing by the various levels of government to cover their deficits puts a large upward pressure on current interest rates and on future taxes. It also eats away at the savings available to business for productive investments in technology, training and personnel development, which are the basis for increased competitiveness and job creation. They are obstacles to growth that we are unable to deal with.