

*Borrowing Authority*

capacity. By leading the attack with its six and five program on the incomes of pensioners and mothers, on Armed Forces personnel, public servants, and now on the private sector workers, the Government is undermining domestic consumption in Canada and putting off economic recovery. By knuckling under to right-wing attacks on controls on foreign investment, and by putting all its eggs in the megaproject basket, which promised at best to make Canada even more reliant on resource exports in the international market, this Government has weakened the ability of any Canadian Government to direct the economy towards recovery. The Minister of Finance is right when he tells us that the Government's increasing deficit is due in no small part to this recession which is causing tax revenues to fall and welfare and unemployment insurance payments to increase. But what does he plan to do to rectify that? He will not tell us.

• (1650)

Dazzled by the simplistic logic of Conservative economics, the Government has forgotten everything it should have learned from the economic disaster of the 1930s. The six and five program has now replaced monetarism as the main plank of the Government's economic program. The six and five program is the activist element of last June's budget. It is supposed to show that the Government is dealing decisively with the nation's economic crisis by attacking the wages and salaries of working Canadians.

At the same time as the Government has struck this activist pose with six and five, it refuses to abandon its tight money policy or to use its deficit wisely to stimulate the economy. Under this Government, the deficit is the result of our sliding economic fortunes, not a tool to stimulate the economy and fuel the engines of recovery. Just as in the 1930s, Canadians are being told that wages must come down if more jobs are going to be created. Then, as now, the Government is unable to understand that the nature and size of its deficit is an instrument of economic policy, that by gearing the Government's economic activity to bringing the deficit down, especially in hard times, the end result will very likely be much larger, though unplanned, deficit increases.

If the Government had decided to stimulate the economy, Mr. Speaker, instead of squeezing the life out of it, if unemployment had been brought down to 7.5 per cent instead of being permitted to rise to 13.5 per cent, we would have a surplus in excess of \$1 billion now, rather than the \$27 billion deficit, or is it \$29 billion, who knows, it grows daily. A Government's deficit should be an investment in economic growth. A planned deficit which increases spending and production in the whole of the economy is an investment which limits unemployment and ultimately, as economic recovery takes hold, the Government's own debt.

The Conservative Party, of course, will wail that it is irresponsible to even think of increasing the deficit. Well, as was asked earlier by my friend, the Hon. Member for Vancouver-Kingsway (Mr. Waddell), what about Joe Clark's stimulative deficit of 1979? The Conservative Members will argue that increasing Government borrowing crowds out private investment by bidding up interest rates in financial markets. I

am afraid that argument does not hold much water today. The private sector is already debt-ridden. It sees few prospects for profitable investment, and it now finds itself dealing in unstable financial markets. The private sector is not exactly screaming for more financing to invest in more jobs.

In conclusion, Mr. Speaker, I believe the Government has been forced to borrow more money because it has to react to the recession which its own wrongheaded economic policies have brought upon the Canadian people. We in this Party do not favor an increase in the deficit for its own sake. What needs to happen is for this Government to show some real economic leadership and start to use its deficit in investment in economic recovery, an economic recovery which will put two million Canadians back to work, will bring the Government more tax revenue, and will reduce welfare and unemployment insurance costs. If the Government had used its deficit in that way in the past, we would not be dealing with this large deficit today, and we would not be dealing with a \$19 billion borrowing authority.

**Mr. Alex Patterson (Fraser Valley East):** Mr. Speaker, I feel it would be a dereliction of duty were I to refrain from taking part in this discussion in which we are engaging today. Bill C-143 is a Bill to authorize the Government to proceed to borrow another \$19 billion for the financing of Government expenditures, \$5 billion for the balance of this year and another \$14 billion for the year 1983-84. Before us as well is an amendment by the New Democratic Party that Bill C-143 be not now read the second time, but that the order be discharged, the Bill withdrawn, and the subject matter thereof, particularly the clause pertaining to borrowing for the fiscal year ending March 31, 1984, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

As I said, Mr. Speaker, I would be remiss in my duty were I to remain silent when the Government proposes to raid the pockets and purses of the taxpayers of this country to the tune of an additional \$19 billion. Reference has already been made to the record of borrowing Bills which have been before this House since the session opened just after the last election. And as we add it all up, we find it is a horrendous amount which the Government has been forced to borrow. When we realize that the expenditures are continuing to grow at a phenomenal rate, we must wonder where the end will be. I believe, Mr. Speaker, that confidence is essential if the taxpayers of the nation can be expected to fork up such horrendous amounts. As we look at the economic conditions in the country today, I do not believe that the Government has any right whatsoever to expect the people of this country voluntarily and willingly to give further of their diminishing returns in order that this Government can carry on with its vast expenditures which have been condemned by the Comptroller General, stating that the Government's expenditures are out of control.

The Government's economic mismanagement is driving an ever-increasing number of farms and businesses into bankruptcies. In 1982 a record 10,765 businesses were forced to close