

The Budget—Mr. Mazankowski

analysis one has to guard very carefully against praising the budget too magnanimously. There will be more programs that will involve more bureaucracy and more political decision making, and I believe we have had far too much of that.

● (1150)

I do not believe that the budget satisfactorily deals with the need to address the basic health of the economy. It has some very serious structural defects. I do not believe it addresses the issue of productivity in an effective manner, the technological impact of worker training, export development and the energy question. The Government has destroyed a good portion of the energy sector in Canada, and it needs to turn that very important and basic industry around because we have failed to turn our energy advantage into an economic advantage.

This budget is more of a publicity campaign than an economic recovery campaign. There is a lot of rhetoric in the budget and I believe it is basically designed to try to turn around the waning fortunes of the Liberal Party, which will probably continue to wane even though there is some interim, positive responses to this budget.

The fact is that we are in the worst recession in 50 years and this is largely due to the mismanagement of this Government. We have had 15 years of economic mismanagement. This Government has wasted its resources in the good years and failed to turn the very many natural advantages of this country into economic advantages. Government has failed to stimulate real growth in this country, to identify the realities of the world, the necessity to be competitive, the necessity for increased productivity and to encourage real growth. It has been redistributing wealth which has basically been borrowed, and the tinkering around in the budget is not going to improve that very much.

Our deficit is staggering. It is \$31.3 billion this year and there is another \$80.7 billion projected over the next three years. That is \$112 billion worth of accumulated deficit over a four-year period and is absolutely irresponsible. That is on top of the \$51.6 billion worth of deficit which has been accumulated since this Government was returned to office in 1980.

One has to ask, where will the money come from? We have a large level of personal savings in the country, something in excess of \$30 billion. Over 80 per cent of Government's borrowing would be attributable to personal savings, and that will have the potential of raising interest rates. I say to you, sir, that it may very well lead to stalling any natural recovery which could occur. Our interest rates are far too high today. We have essentially a 6 per cent spread between the money which is paid by the banks to people who invest their money, which is at about 6.75 per cent, and their lending rate. For example, the Farm Credit Corporation is asking 12.75 per cent, which is a very reasonable rate in today's conditions. However, there is no reason for a spread of 6 per cent and that issue has not been addressed in this budget.

We must consider how we are going to pay for these horrendous deficits. They can only be paid for in two ways; either by

taxing future generations or by printing more money, which will indeed cause inflation and we will find ourselves in the same old spiral we were in before. We have to look not only at the deficits of the current year and the past years, but we must look at the deficits of the future years. I share the view which was expressed by David Peterson, the Leader of the Liberal Party in Ontario. I would like to quote from the April 26 edition of *The Globe and Mail*. Mr. Peterson said, and I quote:

Instead of building for the future, we have been stealing from it.

He points out that Canadians are running down the resources which belong to future generations through massive public borrowing and failure to invest in productive enterprise. I share that view. That is precisely what this Government has done. Mr. Peterson goes on to say, and I quote:

We are no longer redistributing wealth from the rich to the poor. We are transferring it from the next generation to our own.

I say to you, sir, that that is indeed a sad legacy. Notwithstanding the huge borrowings and the huge accumulated deficit, we are predicting growth on an average of 4.5 per cent. We are looking at a deficit which is going to drop by maybe \$2 billion a year. We are going to have deficits in excess of \$25 billion over the foreseeable future.

The 4.5 per cent real growth will require large cash borrowings from the private sector, and with the Government calling on the massive amounts of money it requires to meet its spending programs, the private sector, with its real job-creating potential, will be hampered. We just cannot continue to run these enormous deficits.

The cost alone of servicing the debt this year is tremendous. For every three revenue dollars, one dollar goes to service the debt. By 1986, notwithstanding the so-called improvement and recovery which is suggested in this budget, we will still be paying \$1 out of every \$4 to service the debt. That is revenue dollars.

Therefore the Government must address this critical problem. It is not only a problem for today, it is a more serious problem for tomorrow. Government must bring its expenditures back into line, reduce the Government's share of the economy, and transfer those resources to the private sector so they can be used to create long-term productive employment and long-term productive wealth. The Government, I submit, is not a generator of wealth. We particularly see that today, where all levels of Government are taking almost 50 per cent of the Gross National Product. The projections for the federal Government range from 20 per cent to 23 per cent over the next four-year period.

With respect to employment, Mr. Speaker, the main thrust of the budget was to provide jobs for those who cannot find work. Here again, the fact is that this budget will do very little to improve the employment fortunes of many Canadians, by the Government's own projections, which are 12.4 per cent this year, 11.4 per cent next year, and the unemployment rate will stay at 10 per cent until 1986. I should point out that by 1984 there will be 55,000 fewer jobs than there were in 1981.