

Borrowing Authority

A year ago the Government proposed in the way of borrowing authority some \$25.8 billion, which happened to be half a billion dollars more than in the current year. However, when one goes into the particulars, one discovers that the basic authority allows for some authority just in case it is necessary to increase our reserves for foreign exchange purposes, if there is a run on the Canadian dollar, I suppose, and it is necessary to defend against that. Laying aside a couple of unusual items last year and this particular one this year, what we find is that the basic authority the Government sought last year was for \$21.3 billion. The basic authority being sought this year is for \$22.3 billion, \$1 billion more than last year. In a world in which a certain amount of inflation prevails and numbers each year tend to be bigger than the previous year, \$1 billion is not all that exceptional. It may be roughly in line with the rate of inflation, as a matter of fact.

• (1550)

Let us consider the determination that the Government has had to reduce the deficit in successive years. The Minister of Finance (Mr. Wilson) did a great amount of bragging about his success in reducing non-statutory expenditures. He hopes to do still more in 1989-90. When one looks at the end results of all this activity, what do we find? We find that the deficit remains very close to \$30 billion year by year. As a result the Government is looking at having increased the national deficit over three and a half years by \$100 billion or more. That is an odd kind of success for the Minister of Finance and his colleagues to face up to. It will be difficult to defend this on their own assumptions.

What I am talking about here is the situation as it looks for them on the assumptions that they have that the national debt is the most dreadful thing in the world and that the most significant figure in the Budget is the amount that it is in deficit. The Government seems to say that no matter what the cost, it must continue on this trend, barring of course doing dreadful things in the last months before an election and encouraging voters to turf the Conservatives out, adding to the cup of iniquity that the Government has already filled up. Aside from that I suppose even Ministers of Finance stop short of those things, as the Budget Speech in its own way reflected at certain points. The fact remains that the Government has failed on its own assumptions.

I am saying this this afternoon in order to open up the possibility of considering a very different approach. If we want to get the Budget into balance and if we want to stop the national debt from growing the way it has been growing, then we will clearly not succeed by means of restraint in expenditure and massive increases in taxation. We have already had massive increases to the tune of \$1,000 and more per average family in additional taxes over the last three years.

Yet what is the result of the Budget? It is another \$30 billion deficit. What we have is not any great demonstration of virtue on the part of the Government in contrast with previous

Liberal Governments but instead a basic determination to lower taxes on individuals and to let wealthy corporations get off scot-free. Of course that adds to the deficit. The Government brazens that out even while it is following a principle here that is against its own determination.

Far more significant than that are practices which go back to the early 1970s. The Liberals began them and this Government has continued them with little significant change. Certainly, there has been trimming in certain areas in which there were abuses, such as with respect to the scientific research tax credit. It became obvious that that measure was being used as a massive boondoggle by some. The Minister of Finance put an end to it. But aside from a certain amount of trimming of that sort it is clear in the figures of taxation and that imbalance between corporations and individuals that the Government has only made worse the kinds of unfairness that characterized taxation under its Liberal predecessors.

The significant point I want to pursue is not so much that of tax unfairness but the fact that back to the middle 1970s under successive Trudeau Governments there was a limited recognition of national need. There was a failure to recognize the role of the Canadian Government in ensuring that various Canadian needs were met. When elections drew near it was possible to practise what I am saying now, something which should always be kept in mind for the Government of Canada. When the 1984 election drew near there were special recovery capital projects carried out. Contracts were let for vessels for the Coast Guard. For example, a variety of such contracts were let which anticipated the Government's naval building program that is now getting some of the shipyards to work. Certainly the Government began to do that. But we have had a good decade or more of failure through the 1970s to keep the navy up through thick and thin, through good times and bad times, in the way that it should be done in order to ensure that the coastal defences of the country and our Maritime Command are of the quality, that is expected of them. I mention that as one specific example.

There are so many other areas to which one could look, areas with respect to which the Government of Canada should be sensitive. The Government should be quite prepared to borrow for those as an investment in the country. I say that not to add to the deficit of the country but to make an investment in the country.

This suggestion should be followed as an alternative to what we have had, not that it has not been done as an expedient, and I have already suggested that. Instead, it should be a deliberate principle characterizing Government throughout. When there is a wise investment to be made in the country then let us make that investment. Let us be prepared to borrow in order to ensure that that investment is made. Let us recognize that doing that is the way in which we will achieve prosperity. That is what happened in the late 1940s through the 1950s.