

*Borrowing Authority Act*

and so on. What would the Hon. Member do about tax credits which are given to small and large businesses with regard to their capital costs? Would he also eliminate that type of subsidy, if you will, granted by the Government to business?

**Mr. Malone:** Mr. Speaker, the Hon. Member commenced by asking me the question on the basis of principle. I will first answer it on the basis of principle because it will be necessary to separate what I say from any specific case he may raise. The answer, purely on principle, would be yes. It would be necessary to get away from subsidies because, by their very nature, they create inefficiency. If he wants to extract that statement and use it against me in some future election, he can do so at the risk of breaching his own principle.

Let me go further and say that we all recognize that since certain regions of the country are more disadvantaged than others, there are systems which are put in place from the municipal to the federal level that do not simply take the bottom line into account. This is done because we care about people. Therefore, there are railway lines that extend to places that are not efficient. There are mines operating in places that are not efficient. However, when the question is asked purely on the basis of an economic principle, the answer is yes, let us not provide subsidies but, rather, let us make businesses stand on their own feet.

**Mr. Deputy Speaker:** Order. The time for questions and comments has expired.

**Mr. Louis R. Desmarais (Dollard):** Mr. Speaker, I would like to make one point with respect to Bill C-21, which deals with the borrowing authority of the Government. This entire debate relating to our borrowing authority boils down to one question: is the Government's approach to encouraging economic recovery the proper approach? In other words, from a global point of view, will the expenditures of the Government as provided for in the current Budget encourage the recovery of our economy? I believe that our Budget will lead to economic recovery.

There are various ways in which we can look at this problem. I find it far too easy to single out certain items in the Budget and indicate that they are not sufficient or wrong. It is far too easy for us to ignore the medium or long-term effects of the benefits of a Budget, particularly the one we are studying today.

Naturally, we are looking toward a reduction in our deficit, as is any Member of the Opposition. We would like to see the deficit eradicated as soon as possible. There is more than one way to approach this problem. One approach is to slash expenditures and cut various programs, with the eventual hope of arriving at a balanced set of books. We do not believe in that approach. We believe that the only way to balance our Budget is by improving the productivity of the country to the point where revenues will increase in an amount sufficient to meet our expenditures. Increased productivity is also necessary in order to improve our competitive position in the world. We face problems if we cannot sell our products around the world.

The main purpose of our Budget is to increase productivity. We intend to do this by proposing several measures. First, we will attempt to simplify the tax system. As Hon. members are aware, that system has become so complicated that even our expert tax lawyers will no longer give an opinion on it. Second, we will attempt to initiate steps that will increase confidence in the country, including that of the private sector and of investors whom we will try to entice to Canada. At the same time we want to establish some confidence in the workers of the country. In that respect we will improve our pension system.

One of my objectives when I came here five years ago was to examine the possibility of improving the lot of Canadians over the long term. I recognized full well that we had become far too dependent on the state and that this could not continue over the long term.

I am very proud to have served as vice-chairman on the task force on pension reform, and am deeply grateful to the Government for accepting our recommendations, which will help Canadians to help themselves. They provide the means and the mechanism by which Canadians can look after their own problems in old age. In the next ten or twenty years I think the items contained in the Budget with respect to pension reform will be of great, great benefit to this country.

By encouraging our youth, which we are doing through measures in the Budget, I think we are at the same time improving productivity. By increasing the security we are offering to home owners through an insurance scheme which will guarantee interest rates that home owners will be paying we are increasing confidence and productivity.

● (1610)

Some of our sales tax changes will improve the climate for business. We are proposing some tax assistance for employee profit participation plans, which is another way of improving productivity. We are proposing tax assistance for employee stock option plans, which is yet another improvement to productivity.

In short, the fact that the debate has come this far is testimony that Members opposite, to my mind, have either not read the Budget or, if they have, have not understood it. I think that because we are asking for borrowing authority based on a Budget which is reasonable and predicated on arriving at the same end as that proposed by Members opposite, it is a waste of time to discuss the amounts involved in it, because these have nothing to do with what will be spent. That will come through in the Estimates. I rest my case, Mr. Speaker.

**Mr. Malone:** Mr. Speaker, I have only one question for the Hon. Member for Dollard (Mr. Desmarais). I noted with some interest, a reference he made, I presume, to himself and to his Party. This is as close to a direct quote. I believe he said "We, just as much as anybody in the Opposition, want the deficit decreased."

In light of that statement, why is it that during every fiscal year borrowing has increased save in 1979 when the Conserva-