HOUSE OF COMMONS

Friday, February 28, 1992

The House met at 10 a.m.

Prayers

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1992–93

MEASURE TO ENACT

Hon. John McDermid (for the Minister of Finance) moved that Bill C–61, an act to provide borrowing authority for the fiscal year commencing April 1, 1992, be read the second time and referred to Legislative Committee E.

He said: Mr. Speaker, I welcome the opportunity today to speak on the second reading of Bill C–61, the borrowing authority bill. This is the fourth time that I have had the pleasure of introducing the borrowing bill to the House of Commons.

Before speaking directly to the measures in the bill, I want to put this legislation in its proper context. That context is the budget presented earlier this week by the Minister of Finance, a budget that cuts government spending, cuts taxes, and cuts the deficit. It will help bolster economic recovery and strengthen the international competitiveness of our economy.

Any debate on borrowing authority has to address the deficit and public debt burdens carried by the federal government. The lessons governments everywhere have learned from the recent recession is that never again must governments allow themselves to be financially crippled by debt. Governments cannot stimulate economies with money they do not have. To try to do so by borrowing more would only lead to higher deficits, more debt, higher interest rates, slower growth, and of course increased inflation.

Reducing the deficit was one of the things that Canadians clearly told us that they expected from this budget. As we crossed the country with our pre–budget consultations, meeting people from all walks of life, that was something they told us in no uncertain terms. They also wanted realistic and, I guess more important, lasting solutions to our economic problems. The government has streamlined to meet the realities of the nineties and new opportunities for people to improve their skills and knowledge.

I believe that if people took the time to examine the budget in detail they would realize that the government has responded to these challenges in a budget that takes action to bolster recovery this year and strengthen growth and job creation in the years ahead.

The budget provides help where help is needed, but it pays for that help by reducing expenditures, not by increasing borrowing or taxes. It cuts spending to reduce taxes and bolster economic growth and competitiveness. The budget also ensures significant declines in the deficit for 1992–93 and the following years.

Reducing the deficit is essential for a return to sustained economic growth and new jobs. It is an essential foundation for a return of confidence at home and abroad. It will ensure a strong recovery.

• (1010)

We have made substantial progress since 1984 in cutting the deficit almost in half as a percentage of our economy's annual output of goods and services, from 8.7 per cent to 4.6 per cent. The majority of this progress has been achieved not through higher revenues but by restraining spending. Since 1984 the government has rigorously controlled growth in spending on programs and services, keeping it below the rate of inflation. As a matter of fact the government's own operating costs, the costs to run the government, have been held to an average increase of just 2.2 per cent a year since 1984.