

*Borrowing Authority*

listening just now to my colleague who seems to be saying: The Government is not taking the situation seriously and it should cut its expenditures. Nevertheless, none of the Opposition Members, and that includes my hon. colleague, were able to suggest a single program where we could make cuts. On the one hand, I entirely disagree with my friends on the opposite side of the House who talk about billions the way other people talk about nickels and dimes, and on the other hand I note that my hon. colleague opposite has failed to identify a single program where the Federal Government could make cuts that would substantially reduce the deficit. Should cuts be made in unemployment insurance benefits? Or should cuts be made—

Take, for instance, transfer payments to individuals or the Provinces, if there is no room to manoeuvre as far as debt payments are concerned: when we wanted to bring equalization payments to the Provinces back to more reasonable proportions, the Opposition Members told us that we were destroying the fabric of Canadian federalism and abdicating our responsibilities. Yet, this cutback was necessary because the idea behind these transfers, whether for health insurance, hospital insurance, post-secondary education or social services, is that the Federal Government will guarantee equivalent services, for all Canadians, by paying 50 per cent of all costs.

This is the principle of transfer payments to the provinces, but even by simply limiting the rate of growth of transfers—and this does not mean a reduction of the payments in absolute terms—and even though the transfers will increase only by 11 per cent a year over the next five years, in spite of these cutbacks, the Federal Government this year will pay just over 60 per cent of the costs of post-secondary education, a little over 50 per cent of health and 50 per cent of social services costs. Is this normal? For our part, we tried to trim the Federal share to fairer and more equitable proportions which would be more in keeping with the spirit of co-operative federalism. Yet, when we announced the cutbacks, there was a general outcry on the other side of the House.

We cannot cut back on our equalization payments to the provinces, and are told that we cannot reduce unemployment insurance benefits or old age pensions—a fact which we are fully aware of—and have no say in the market-set interest rates, while hoping that the various Governments would never try to distort the rules of the market when borrowing—for all those reasons our freedom of movement is reduced by 70 per cent and we are left with about 30 per cent of federal expenditures directly related to programs under our jurisdiction.

This is the only room we have to manoeuvre. This is the situation because, regarding the first three elements which make up 70 per cent of our expenditures, we have had no suggestions as to how we could cut back on our spending. As for the remaining 30 per cent, can anyone tell us which programs are ineffective and in which ones we could make substantial cutbacks? Even if we accept cutbacks due to the economic situation and if as my colleague for Lac-Saint-Jean (Mr. Gimaiel) put it, we must show some compassion for hard

pressed Canadians in this difficult period, we must cast aside any partisanship and ask ourselves how we could bring down the present deficits to more acceptable levels as soon as the economy recovers. Indeed at that time even more so than today, the private sector will need some risk capital, and I hope that federal expenditures will be directed at sectors about which my colleague mentioned non-productive borrowings earlier. One important issue in Canada at that time will be to turn around the present trend concerning productivity to ensure that we can maintain our position as an exporting country because with our small market of only 24 million people, we have to be able to compete with other countries. That is the challenge that we must face. I think that, together, the 282 Members of this House should look ahead to the next two, three and four years to reverse the situation properly and leaving behind the present crisis find means to make sure this will never occur again.

[English]

**Mr. Jim Hawkes (Calgary West):** Mr. Speaker, it was a great pleasure to listen to the Hon. Member for Verchères (Mr. Loiselle). He asks what we would do differently to present programs. On other occasions I have pointed out to Hon. Members opposite that the indirect subsidy to Petro-Canada is \$1 billion per year, direct grants and add-ons amount to \$400 million, and the PIP and LEAP Programs bring it even higher. You can get up to \$2 billion without even trying, with those kinds of expenditures.

• (1220)

We on this side of the House have asked why the Government is so determined to increase the size of the House of Commons by some 30-odd Members at a cost of millions of dollars. Also we on this side of the House have asked whether it is really worth while to have a man like Donald Macdonald working on the public payroll at \$800 per day when we will not even provide pensioners with \$800 per month. We on this side of the House have asked whether it is really necessary for the Government of Canada to spend in excess of \$100 million per year on Government advertising to promote, by and large, the Liberal Party of Canada.

If the Hon. Member opposite is really sincerely interested in the issue of public policy spending choice, I suggest he read the speeches which have been made in the House in the last two and a half to three years. I ask him and Members of his Party why they stood in the House in December, 1979 and turfed out a Government which was creating jobs at the rate of 30,000 per month in the private sector, which was reducing the borrowing requirements of Government by 30 per cent in the first year, which would have taken the pressure off capital markets, which would have kept the pressure off interest rates, which would have kept inflation down and would have kept Canadians employed.