

The Budget

contribution to the unemployment insurance fund, so it contributed nothing. Did it have an interest in making sure the unemployment rate did not rise? Of course not. It could not give two figs whether people became unemployed in this country because the government was not putting money into the fund any more. It was strictly a payroll tax on employers and employees. In fact it brought out the most recent increase in January of this year.

Why should it feel any responsibility for keeping unemployment down? Of course it let unemployment rise. At this time part of the diagnosis which would lead to the formation of a prescription is the fact that we are now sitting with 1.5 million Canadians unemployed. That is official, 1.5 million, and that is only a statistic. You have to see the actual effects on individuals.

The doctors over there who are writing the prescription do not start out with that first principle, but that is one of the conditions we have to deal with. They will not deal with that at all. As a matter of fact, on this question of writing a prescription, the good doctors decided what they had to do was consult. So they brought in the premiers for a consultation. The premiers and responsible elected Canadians at the municipal level all around said they should be putting specifically targeted money into direct job creation. They should be rebuilding the infrastructures of our municipalities across the country instead of frivolously throwing money at increasing payments to deal with the victims' problems, serious as they are. They should deal with rebuilding the infrastructure of municipalities which down the road would give us a decided advantage when the economy rebounds. All of the premiers came and I read that most of them said the government should be doing that. What happened when the prescription, which is the budget, was written? Not one penny was put into direct job creation, not one penny.

We talked about the problems we have with respect to interest rates. We have an economy where in fact there is no growth taking place. He has brought the fever down; the patient is not running any temperature at all. The inflation rate is less than 2 per cent. There is no growth in the economy; it is just sitting there. As Michael McCracken said, "The cost of doing nothing is not zero".

The government just sits there, no stimulus to get it moving. As we look at the economy, the real interest rates of this country are about 3 per cent higher than the real interest rates in the United States. The real interest rate in the United States is less than 1 per cent. We are running real interest rates of about 3 per cent above that. So we are about 4.5 per cent.

Why? There is room to let that interest come down. As a matter of fact, on the contrary, in a period of no growth at all we see the interest rate rising again. We see loads of money, Canadian money, being used to prop and keep the dollar up. That is where the money is being spent. Surely the diagnosis has to be that something has to be done to kick-start the economy.

We have to bring our interest rates down back to the traditional 2 per cent difference between our rates and the American rates. In fact, the American real rates are so attractive that Canadian utilities are using Canadian banks to borrow in the United States, which only aggravates the balance of payments situation when we have to send the money out to pay the interest on the debt that is incurred.

There is room. We are not talking about spending money and increasing the deficit. We are not talking about cutting spending. We are talking about spending wisely. The interest rates have come down seven points, as Dr. Maz pointed out. They have come down and surely that has given us some room with respect to the interest on the debt. That is where we could get about \$1 billion which could be put into that infrastructure rebuilding we talked about. Surely that has to be part of the prescription that was written, but it was not written there at all.

Mr. Nunziata: Do not forget rates went up last week.

Mr. Rodriguez: I said that. I said that rates have started to go up. Imagine, there is no growth in this economy, literally none, because we have 2 per cent inflation. There is good inflation and there is bad inflation. With this inflation of less than 2 per cent, there is nothing happening here. It is stagnant. The patient is there. Mr. Crow was successful. The only thing is that the patient is expiring.

Mr. Brewin: They put on leeches.