

Senator Nurgitz, that this report be adopted now. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: What is this about?

Senator Lynch-Staunton: The investigation of the railway short-line from Sydney to Truro.

Senator Frith: Just the budget?

Senator Lynch-Staunton: Yes.

The Hon. the Speaker: Carried.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the purpose of this Inquiry is to give honourable senators the opportunity to debate in a more organized and focused way than might otherwise be the case the policies outlined by the Minister of Finance in his budget address on Tuesday of this week. Senator Olson, when he sat on the government side of this chamber, initiated this practice, and one that I am happy to continue.

[*Translation*]

Honourable senators, yesterday, the President of the Treasury Board, Mr. Loiselle, tabled in the House of Commons a copy of the Budget Speech and the Budget Papers, as well as the Main Estimates for the fiscal year beginning April 1, 1992.

These Estimates for 1992-1993 were referred to the Standing Senate Committee on National Finance. In the meantime, as senator Stewart mentioned earlier, a bill to provide borrowing authority was tabled by Mr. Mazankowski and read the first time in the other place.

Referral of this bill to the Senate will give us another opportunity to review and discuss the fiscal and economic policies of the government.

I will not try to give you an overview or even a summary of the Budget. Honourable senators all have a copy of these documents and can study them as the please. Instead, I want to make some brief comments to give you food for thought and start a discussion on the economic policies of our government.

● (1040)

[*English*]

The first point that I would make is that the economic fundamentals are in place for a strong recovery this year and in the years just ahead. Honourable senators who disagree with that assertion have an opportunity to offer their own analysis, opposed as it will be not only to that of the government but also to that of virtually all Canadian and international forecasters whose perspective is not clouded by political partisanship.

It is true that we have had an economic recession.

Senator Frith: When did those clouds arise over this?

Senator Murray: After six years of robust economic growth and job creation, the economy slowed down and then entered a recessionary period in the second quarter of 1990. The recession lasted through the second quarter of 1991, when a slow recovery began. Growth has been slower than we had hoped and expected because growth in the United States also slowed

[The Hon. the Speaker.]

sharply and its recovery faltered since September. Growth also slowed in the second half of last year in Japan and Germany.

As a country which exports about 25 per cent of everything it produces, economic conditions abroad do affect us very considerably. Still, it is well to keep the 1990-91 recession in perspective. From time to time I hear honourable senators opposite describe the 1990-91 recession as the worst since the 1930s.

Senator Olson: Some people do.

Senator Molgat: Mr. Wilson said that there was no recession!

Senator Murray: In fact, that dubious distinction belongs to the 1981-82 recession. Loss of output, which is the defining, overall measurement of recession, was twice as severe in 1981-82 than it was in the 1990-91 recession.

Senator Frith: So it is all the Liberals' fault. It is all our fault again.

Senator Murray: It is the decline of 3.2 per cent in GDP 10 years ago as against the decline of 1.1 per cent in 1991. Almost half a million jobs were lost in 1982 and it was 1986 before employment returned to prerecession levels. The 1991 loss was 232,000 jobs. Unemployment went from 7.5 per cent in 1981 to 11.8 per cent in 1983. In 1991, it was at 10.3 per cent.

Meanwhile, in the midst of the historically severe recession of 1981-82, inflation was at 10.8 per cent in both 1981 and 1982. It was at 5.8 per cent as an annual average in 1991 and last month. Year over year, it was at 1.6 per cent. The prime interest rate, over a period of 21 months from December of 1980 to the summer of 1982, went as high as 22.75 per cent and never went below 16 per cent.

I refer to these comparisons not for the purpose of trying to score political points in this debate—

Senator Molgat: Oh, no!

Senator Frith: The thought never entered our mind.

Senator Lefebvre: You are getting better all the time!

Senator Molgat: You are just rewriting history, that is all.

Senator LeBlanc: Who is writing the fiction?

Senator Murray:—and certainly not to underestimate the seriousness of the 1990-91 recession—

Senator Frith: Or the responsibility before.

Senator Murray:—which was very painful, indeed.

Senator Molgat: And self-induced by the government!

Senator Murray:—but to ensure that the 1990-91 recession from which Canada is now recovering, albeit slowly, is kept in perspective by honourable senators and, more importantly, by consumers and investors.

There is, however—and I acknowledge it—a new element to the present economic situation which makes the challenge far more complex than it has been in the past. A much more serious economic challenge than any periodic recession is the