Why should the Government go out and invade the markets of Canada and relieve the banks of their danger—they have too much money—by borrowing money at 10 per cent, 11 per cent and 12 per cent? It is almost criminal, bearing in mind that money is begging to be borrowed at 6 per cent for governments.

I know private businesses found this out. They cannot obtain money as cheaply as 6 per cent, but they have discovered that they can go to these money sources and borrow huge sums with no interest. What they do in exchange is to give a share of their profits in the form of shares or in the form of an interest in the profits. Even though the Government cannot use this technique of giving a share of the profits, because rarely does a government show a profit, it can be used by various Government agencies to relieve pressure on the Treasury. Above all, the Government should not go out and borrow in the United States where interest rates are too high. All western Governments are appealing to the American Government to watch its money supply because theirs have been rising for almost a year now. They have probably gone too far, but there are indications that they are now levelling off. We should continue to attempt to reduce our interest rates because if we get the interest rates down, inflation down and prices down, we may pull ourselves up and let the present forward motion continue.

I put this idea forward, not in the sense of trying to embarrass the Government but because it has the legislative power to bring it about. Ministers rise and say that they are all for it, but they never do it. In terms of all other Departments it is indicated that they can do this if they have the consent of the Department of Finance. I ask Government Ministers to assert themselves and use the muscle they should have and obtain the consent of the Department of Finance to get money into the country cheaper and to keep pressure on our money markets to get interest rates down further. I think this can be done. All the Government needs is the will to get off this suicidal course of borrowing more and more regardless of interest rates, which will send us back into a downward slide. We have had enough of that over the past eight years.

• (1550)

Mr. Bill Kempling (Burlington): Mr. Speaker, I want to say a few words on Bill C-151 along the line of those of my colleagues who have spoken today.

Some people in Canada are beginning to see the recovery in our economy that we all want and need, but more than 1.5 million persons will remain on the unemployment rolls in the near future. The truth is that more people are entering the labour market when there are jobs to absorb them. Arguments that say we created more jobs than last year or the year before have little meaning. What is needed is more long-term permanent jobs. That has to be our number one priority.

We cannot under any circumstances place in jeopardy the recovery that is under way at the present time. If we allow inflation to return, we are betraying those who have sacrificed their jobs, businesses, homes and future as part of the price for beating inflation. They live in hope that a better time will allow them to recover their losses and build a new life, hopefully on a more sound foundation.

They have learned the hard way that you cannot spend your way out of inflation. They hope the Government has learned its lesson. They are looking for evidence to confirm it, but the evidence is not there. We see the deficit as a percentage of the Gross National Product doubling and tripling over a ten-year period. We see the level of borrowing going beyond our ability to pay in the future. The people who have been the biggest losers in the recession are expressing their concern at the level of borrowing because they know it will find its way in the rate of inflation and into the interest rates that we project in the years ahead.

We see the long-term national debt doubling and quadrupling over the next four years, according to predictions presented to us. Many of my colleagues have commented that this is the seventh borrowing Bill that we have had in this session. The present Bill is for $4 billion more than the budget indicated is required at this time. Projected financial requirements between 1983-84 and 1986-87 are $93 billion. This indicates that this Government will continue to try to borrow its way out of our financial troubles.

Our real Gross National Product fell 4.8 per cent in 1982. It has fallen 7.5 per cent since the second quarter of 1981. The recovery growth is estimated to be approximately 2 per cent growth in the GNP of 1983. That level will not keep unemployment from rising. That is the dilemma we really face in this country.

The Government has said that the engine of the private sector will lead us out of the recession and into recovery and a reduction in unemployment. Let us examine that statement. Manufacturing capacity is only 63 per cent of its potential. Capital investment will fall in 1983, according to Statistics Canada, by $2.4 billion. That figure, added to the 1982 decline of $4.5 billion, gives the total decline of $6.9 billion in capital investment in a two-year period.

That is not a formula for recovery. The worry in the business community is that the recovery we are experiencing is led by short-term inventory purchasing. If you are concerned that interest rates will climb, you are not going to invest in anything but short-term. That is another side to the dilemma we face.

What we need is long-term capital investment. Industry will not react in any meaningful way to tax credits that may be reversed in the following year. The economic and financial environment in which we operate in the immediate future has to improve dramatically if we are to see a reversal in the decision by the business community to reduce capital expenditures to the extent that it has. Until we make the connection between capital expenditures and jobs and then put in place a taxation environment that will attract long-term investment, we will not begin to make a dent in the growing unemployment that we have in this country.