

*Borrowing Authority Act*

the Minister of Finance is the proposal for a \$500,000 capital gains tax holiday. If that proposal had related to investments in this country there could conceivably have been some argument made for it. However, to have it represent investments which could be made anywhere in the world makes it an invalid action.

I see it is one o'clock, Mr. Speaker, and I give up my position.

**Mr. Deputy Speaker:** It being one o'clock, I do now leave the chair until two o'clock p.m.

At 1 p.m. the House took recess.

**AFTER RECESS**

The House resumed at 2 p.m.

**Mr. Deputy Speaker:** When the House rose at 1 p.m. the Hon. Member for Thunder Bay-Nipigon (Mr. Epp) had the floor. Since the Hon. Member is not here, debate will be resumed with the Hon. Member for Ottawa-Vanier (Mr. Gauthier).

[*Translation*]

**Mr. Jean-Robert Gauthier (Ottawa-Vanier):** Mr. Speaker, I can see that my fellow Members are anxious to vote. They are restless. I know it is Friday afternoon, but I have a few comments to make on this very important Bill which, after all, involves a very substantial sum of money and is aimed at giving the Government the authority to borrow up to \$22.6 billion, as may be required for public works and general purposes.

Mr. Speaker, we on this side of the House are of course prepared to comment on those "general purposes", which can mean just about any thing, and you will understand that I want to take this opportunity to address a matter that is very important to me, and I am referring to the way this Government has been treating federal public servants in particular, and the way it is proceeding with budgetary cutbacks and cuts in personnel, and the lack of sensitivity this Government has shown vis-à-vis its public servants, and I may add, Mr. Speaker, that the situation is pretty disastrous in the riding I represent, the riding of Ottawa-Vanier, because in Ottawa-Vanier, the Government is the main employer, which means that we have what is referred to as a company-town economy.

The federal public servants who have jobs are of course important to the secondary economy, the services sector, and these are the people I would like to consider this afternoon during the few moments I have at my disposal. I want to say how worried they are and how, lately, their morale has been a major cause for concern.

Mr. Speaker, before addressing this very important subject, namely the future of our public servants, budgetary cutbacks and cutbacks in personnel, I may remind the House that this Bill proposes to borrow \$22.6 billion, on assumptions that are somewhat shaky if not totally unsound. We know that the

Government is forecasting a rate of interest of 9.5 per cent for 1986 and that it stood at about 11 per cent until yesterday. Admittedly it had gone down. The Bank of Canada rate for 90-day commercial papers dropped sharply by 0.8 per cent yesterday, which is an encouraging trend. But in light of the Government's own forecasts or theories, interest rates will have to fall much more if they are to average 9.5 per cent over the coming year. Therefore I suggest we cannot hope the rate to remain stable at 9.5 per cent, although I wish we could. We know that every plus or minus percentage point fluctuation would signal a \$1 billion-odd change in the deficit. A 1 per cent change, Mr. Speaker, and we are looking at one thousand million dollars, and that is a lot of money.

Incidentally, earlier today during lunch hour I went to the University of Ottawa to address political science students, and some of them asked me: Just what do \$22 billion represent? If we put \$100 bills one on top of another we will end up with a spectacular high-rise structure. If we line them up one after another we will have miles and miles of \$100 bills. I tried to imagine what \$22 billion represent in terms of quantity. Mr. Speaker, it is the kind of money which you and I could not spend, not even the daily interest. Although we may have discriminating taste and know how to live, you and I would find it difficult to spend that money in our cities, on our respective families.

Mr. Speaker, the Government assumes also that the prices for U.S. oil will average \$22.50 a barrel by the end of 1986. Again, its estimates are faulty, because everybody knows that the price of oil today is closer to \$12 than \$22 a barrel. If the Government, therefore, assumes that the price of oil will average \$22.50 a barrel in 1986, when we know that it will be almost impossible to reach, maintain and keep this average, the Government will have to suffer the consequence of this faulty assumption, for it will have to raise taxes to cover the \$110 million difference that has to be accounted for with every dollar of error in the projections.

In his Budget, the Minister of Finance (Mr. Wilson) had foreseen a 7 per cent business investment growth in 1986. Well, according to the most recent survey carried out by Statistics Canada concerning their investment programs this year, Canadian Corporations are planning to invest only 2.5 per cent more than last year. Moreover, the Minister of Finance had foreseen an increase of 6 per cent in new housing start investments, while Statistics Canada is contemplating a 1.9 per cent decrease in real terms.

Mr. Speaker, the three major assumptions to consider when the time comes to borrow money on a budgetary basis, as I said, are the interest rates, the price of oil and the level of investments. For the Government to have any credibility, it will have to reconsider these assumptions, because as far as we can judge, the three of them are faulty, if not outright wrong.

I come now to my main topic, Mr. Speaker, and again I suggest that I could not be accused of making irrelevant