

Borrowing Authority Act

Montreal, or the nation's capital here in Ottawa, and one's travel and interrelations are restricted to those particular areas, it is no wonder that people are a little misinformed as to the reality in this country, what is going on in Halifax, what is going on in Chicoutimi, what is going on in Regina and in Prince Rupert. Quite different things are going on around the country where lay-offs are occurring, where mines are closing and major businesses are closing their doors, either temporarily or permanently. Again, it is quite a different picture from the one we find in the head office areas of Toronto and Montreal. It has been very clear that the government has misread the economic situation in this country and perhaps in the western world. It has totally misread it, as clearly exemplified by the request today for \$6.6 billion.

A few days ago in the Standing Committee on Finance, Trade and Economic Affairs, the Minister of Finance admitted that the government has misread the economic situation and underestimated its needs. A few months ago, the Minister of Finance predicted that the deficit for this year would be \$10.5 billion. Many of us on this side of the House laughed at that point, knowing and sensing at that time what was happening to the Canadian economy. Seeing the Canadian economy deteriorating in a number of sectors, we felt at that point it was naive to think that the budget deficit would be only \$10.5 billion this year. Now the Minister of Finance suggests that it will probably be closer to \$13 billion. The finance critic for the Progressive Conservative Party suggests it will probably be closer to \$18 billion. Other financiers are predicting \$19 billion and some are now venturing deficits of \$20 billion for this year.

The situation is much worse than most of us in this House are prepared to admit or most business people are prepared to discuss openly. The situation is very grave indeed. How serious is it? What are some of the indicators? What are some of the clues as to the seriousness of today's economic malaise? We see the dollar plummeting, hourly now, as a true barometer of both the confidence of Canadians in our dollar and especially the confidence of those beyond our borders in the value of Canadian currency. At two o'clock today, June 15, the value of the Canadian dollar was 78.29 cents U.S. and falling. This is the barometer of confidence, then, that we use to measure how people are viewing the leadership provided by the Canadian government and how they really perceive the state of the economy.

What is particularly frustrating is the con job of the government in the sense that it attempts on a weekly basis, when it often goes out to borrow hundreds of millions of dollars in an effort artificially to shore up the value of the Canadian dollar, somehow to create the impression that it is worth more than it really is on those free-flowing international money markets. It is akin to holding a match under the thermometer in one's house in order to prove that the house is in fact a lot warmer than it actually is. It is not a true indication of the value of the Canadian dollar or the state of the Canadian economy. Nevertheless, we try to create this illusion, this artificial sense of

confidence which, of course, fools no one in Canada and certainly no one beyond.

Another indicator of the seriousness of the situation is today's unemployment situation in the country, a country which all of us in this chamber would recognize as being one of the most wealthy in the entire world, perhaps having more opportunities and potential than any other nation on the face of the earth. Yet today, in real terms, the numbers of unemployed in Canada is nearly reaching the figure of 1.8 million people. I know things are very bad, but it amounts to nearly 1.8 million people, about 16 per cent of the total work force in this country, up more than 45 per cent over last year and, of course, the statistics themselves mask what is really going on with those figures.

The fact is that nearly 1.8 million people are unemployed. What does that mean? It means a great deal of human tragedy and human suffering in this country, a level of human suffering which has not occurred since the depths of the depression in the 1930s. There is no hope. There are serious social costs which will amount to many billions of dollars in this country as a result of these high unemployment figures. The economic problems we face today will be overcome in one form or another in the years ahead. But the tearing of our social fabric, the social decay resulting from these figures, will not be mended in a year or two, or in a decade or two. As a matter of fact, it might take a generation or two to erase the social scars resulting from these serious unemployment figures.

As well as the emotional and human scars resulting from these high unemployment statistics, the collapse of hope in the future is perhaps the most disappointing aspect of these figures. The fact is that nearly two million Canadians are now out of work or daily haunted by the spectre of being out of work in the next little while. They see their friends and colleagues around them losing their jobs. The threat of unemployment is growing on a daily basis. Canadians who have been securely employed in factories for 20 or 25 years are now finding themselves on the unemployment rolls. What does that do? What kind of shock waves does that send through the system? The harsh policies that the government has had in place over the last number of years were presumably introduced to fight inflation. We are experiencing a hideous situation in this country. Unemployment is now running at 11.3 per cent. That means that for the last number of years, the purchasing power of the average Canadian has deteriorated. Their disposable income today buys less than it did last year and it bought less last year than the year previous. A typical basket of goods which cost \$231 in 1981 today, in 1982, costs \$257. Wage settlements are not keeping up with the rate of inflation. Most people in this country are becoming relatively poorer each year as a result of inflation.

● (1630)

The government set out on a course to combat inflation. In 1975 it decided the way to fight inflation was to increase interest rates. I want to read a quote from Governor Bouey in 1975. He said: