

Borrowing Authority

we find ourselves mired. Again, I wonder how much of that could not have been foreseen with prudent planning?

• (1620)

In the past year, whenever the present Minister of Finance (Mr. Lalonde) or his predecessor appealed to Parliament for more money, it has always been accompanied by the excuse that the recessionary effects were more powerful than were first thought. For example, let me quote from the budget speech of the former Minister of Finance on June 28, 1982. He said:

The recession has caused a serious worsening of the Government's fiscal position. The sharp fall in federal revenues is the inevitable consequence of the decline in production, employment and income.

He went on to say:

Federal spending has also been affected by the recession. Higher interest rates add to the costs of Governments as well as firms and individuals. Public debt charges are expected to be \$1.1 billion higher than originally forecast.

Similarly, we find this statement in the October 27, 1982, economic statement of the present Minister of Finance:

The recession has been deeper and longer lasting in Canada than the Government anticipated when the June budget was presented . . . I must report today that further weakening of the economy in the intervening months has aggravated this deterioration. The budgetary deficit was then projected to be \$19.6 billion. I am now estimating it at \$23.6 billion. About 70 per cent of this slide is directly attributable to the impact of the recession on anticipated revenues.

We now have the familiar ring of the Minister of Finance telling us that the economy's depressed state simply was not fully appreciated yet again. As a result, Parliament is being asked to authorize the borrowing of an additional \$5 billion for this fiscal year. How many times will the Government's financial ineptitude force it back to the public trough? It is obvious to all Members on this side of the House that something is drastically wrong when a Government, because it is so inaccurate in its estimates, must revise them every three or four months.

As I see it, the reason that this Government has been so consistently wrong in its forecasts is that the Government itself, as a very powerful agent in the Canadian economy, has done very little to alleviate the recession. It has offered some limited help to the victims of the recession, but it is too much like mopping up blood while the wound is still bleeding. The wound does not look as bad, but nothing has been done to staunch the bleeding.

There have been only two budgets since the Great Depression that have attempted to leech our economy while it was already weak. Those were the last two budgets of the former Minister of Finance, and we are still suffering from their effects. Only now is there a glimpse of evidence that the worst is behind us, yet Statistics Canada warns us not to be too sure, saying that, "it is uncertain whether these gains mark the formal beginning of a sustained recovery."

I can accept the Minister's concern that too much stimulus will overheat the economy, but what is needed desperately is a program of short-term stimulus that will act as a jump start to the economy and serve as a bridge to a more secure and

prosperous time. A successful short-term stimulus would pave the way to a full economic recovery. First, it would persuade Canadians to spend more of their disposable income instead of saving it. Second, it would encourage new investment in Canadian business and by Canadian business.

With respect to the first point, it must be noted that last year Canadians had a personal savings rate of 13 per cent. This means that \$87 was spent and \$13 was saved of every \$100 of disposable income. One reason for this extremely high personal savings rate is the uncertainty felt by all Canadians with regard to the economy.

If we are to get the economy moving again, the budget must remove that uncertainty felt by Canadians. This can be done by assuring Canadians that the time to spend has arrived as a result of instilling the Canadian consumer with confidence in the economy.

One of the cornerstones of such a short-term program should be an extension of the \$3,000 grants offered to buyers of new homes in the Canadian Homeownership Stimulation Plan. The program is due to finish at the end of April, and I have heard nothing from the other side about their considering an extension.

I was especially interested to hear the Minister of Public Works (Mr. LeBlanc) join this debate when he spoke of the housing programs of his Government. Although he recognized how important these housing programs are to the recovery of our economy, nowhere in his speech did he indicate what the housing policy will be after the Minister of Finance brings down his budget. One part of his speech reminded me of a similar speech given by his predecessor, the present Minister of State for Finance (Mr. Cosgrove), just after the budget was brought down in June of last year. I would like to quote from that speech, which was reported at page 18994 of *Hansard* of July 5, 1982, as follows:

Some housing analysts have been predicting housing starts will be in the order of 110,000 to 125,000 this year. I would like to see starts this year reach the level of last year—

In 1982, Canada's housing starts for all areas totalled 125,000 units, which is a far cry from the Minister's ambitious target of matching 1981's total of 178,000 starts and far below the 210,000 units per year that CMHC has said Canada needs if we are to stave off a housing shortage.

I see that my time is almost up. I would like to conclude by saying that while the dark cloud of the recession that has descended upon Canada for two long years is beginning to lift, we still have two million people out of work. Now is not the time for complacency. If the Government chooses to bring down an austerity budget—which we hope it does not—rest assured that we will be back here again in a few months listening to the same pleas for more money from a Government that has once again underestimated the depth of this recession.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to say a few words about the borrowing Bill before us today. I will say at the outset that I believe it is a sad reflection on the state of this nation's economy when the Government has