

Borrowing Authority

Mr. Hopkins: If the Government did not have all the energy that is out there in Ontario, Quebec and New Brunswick, it would not have the tax base it has today because energy would not be there for industry to use. Central Canada has expanded rapidly because of the basic source of energy that was present.

What has the off-shoot of that been? The off-shoot of this solid base of industry has been a great source of taxation to the Government of Canada, the provinces and the municipal Governments. As a result, we will be able to put into place—

The Acting Speaker (Mrs. Champagne): It is with deep regret that I must interrupt the Hon. Member who has gone quite a few minutes over the allotted time.

Some Hon. Members: More, more!

Mr. Hopkins: Just one sentence that I wish to add.

The Acting Speaker (Mrs. Champagne): The Hon. Member may complete his comments. There is unanimous consent.

Mr. Hopkins: I will make my final comment a very pleasant one. With the tax money that will be generated by the good base of industry across this country and our capacity to sell new products around the world, we receive the tax dollars to finance the social programs of this country with respect to medicare, old age pensions and unemployment insurance. That is the route we must take. If we have the faith, the will and the commitment, we can do it.

Some Hon. Members: Hear, hear!

Mr. Lorne Nystrom (Yorkton—Melville): Madam Speaker, what we have before us today is a Bill to borrow billions of dollars. The Canadian people may be interested to know that we have been asked to borrow an amount not exceeding \$24.8 billion by way of loan and sale of securities in Canada. In addition the Government is saying that this year we must borrow an additional \$750 million. The grand total is \$25.55 billion. That is what the Government of Canada is asking us to borrow. I suggest that is an awful lot of money. At what interest rate will this money be borrowed? What will be the cost in the future? This is a serious debate.

Every year borrowing Bills come before Parliament. Every year they seem to go up and up. It is sad that the Government is usually way off in its forecast about

where the economy will go. If you look at Mr. Wilson's Budget of a year ago, he said interest rates this year would be 7.8 per cent. The average annual interest rate is much higher than 7.8 per cent. The bank rate today in this country sits at over 12.5 per cent.

It is interesting to note in the Budget speech delivered last week the Minister said that Budget measures would cut the annual deficit in half to \$15 billion by 1993–1994. We cannot even predict what will happen to the bank rate on Thursday. How do we know that in five years the deficit will be \$15 billion? I say that we should stop misleading the Canadian people by making those types of projections in the Budget of Canada.

• (1230)

If one looks at one of the Budget papers entitled *Canada's Economic Prospects in the 1990s*, it is very clear that the Government knows that we are going into a recession very shortly. What we have before us is a borrowing Bill for more than \$25 billion at one of the highest real interest rates since the Great Depression of the 1930s. This Budget will not only increase interest rates, but it will increase the national debt, unemployment, and the welfare rolls of the country. In many ways, this Budget will mandate a recession.

Members of the House should look at the budget papers tabled last Thursday by the Minister of Finance (Mr. Wilson). In Table 2 on the Canadian economic outlook it states that expenditures of Gross Domestic Product in 1988 grew at 4.5 per cent. By 1990 it will be down to 1.7 per cent. In 1988, consumption was 4.3 per cent. By 1990 it will be down to 0.9 per cent. In 1988 residential investment was 4.8 per cent. By 1990 it will be minus 8.6 per cent. In 1988, business non-residential investment was 17.8 per cent. By 1990 it will be down to 3.8 per cent. In 1988, machinery and equipment was 21.6 per cent. By 1990 it will be down to 5.6 per cent.

If all those are added together, final domestic demand in 1988 was 5.9 per cent and in 1990 it will be 0.7 per cent. In 1980, housing starts were 223,000. By 1990, despite the expanded population, it will be down to 170,000 housing starts in Canada. In 1988 the Canadian Price Index was 4.1 per cent. In 1990 it will be down to 4.4 per cent.

One of the most important indicators of all, the unemployment rate, was 7.7 per cent in 1980. In 1989 it was 8.2 per cent. In 1990 it will be 8.5 per cent.