[*Translation*]

The Acting Speaker (Mr. DeBlois): I will recognize again the Minister of State for Privatization and Regulatory Affairs.

[*English*]

Mr. McDermid: Mr. Speaker, that was very important and added a great deal to the debate.

My hon. friend, who has now left the House but whose debate this is, was pointing out that the trade surplus had dropped somewhat in Canada. I think he said $10 billion. It is around $13 billion. I had dropped. One of the things he forgot to mention, though, in his speech was the increase in trade. There has been a huge increase in international trade from Canada in that time period.

Of course, trade is two way; we import as well as export. The amount of increase in trade has been very interesting in the free trade period. Seven of ten provinces posted trade increases to the United States since the free trade agreement. He did not mention that. I am not sure why, but I guess it did not really support his argument that he was trying to give. That is probably why he did not do it.

Of the three provinces that are down, British Columbia is one where the export of wood products is down rather dramatically because of the lack of house building in the United States. We know that that is down. We know that the province of Saskatchewan is down about 3 per cent. That has to do with prices for the product that it produces out there. New Brunswick was down somewhat.

• (1350)

In the time left, I want to talk a little bit about our plans to correct some of the economic problems we are experiencing in this country and in fact for economic renewal. In doing so, I believe the budget of February 26 addresses the overriding issue, that is getting Canada out of the current recession and back to renewed growth and job creation.

However, it is a budget also that makes a crucial watershed choice about how renewed prosperity must be achieved and sustained. The plan for economic recovery aims at nothing less than a fundamental change in the political culture of budget making and government spending, and in attitudes and behaviour of Canadians regarding inflation.

Yes, we need to change political culture, political attitudes and expectations. This is because the key to economic recovery now and stable sustained growth in coming years lies in establishing the basic conditions for lower interest rates.

We have heard the message loud and clear during pre-budget consultations with all sectors of society. I met with a number of them, including senior citizens, arts groups, and women's groups in this country. Loud and clear, consistent from every single group that we met in pre-budget consultations, was the message: lower interest rates are the fuel to boost consumer spending, to reignite the construction industry and create affordable housing, to assist farmers in times of uncertainty, and to help business invest in the new equipment research and training that Canadians need to succeed in this fiercely competitive global market that I referred to earlier.

The plan for economic recovery is a clear message for Canadians in turn. Market forces are the real and final arbiters of interest rates, not governments and not the Bank of Canada. The only economically sound foundation for lower interest rates is a substantial reduction in inflation and, I might add, in Canadians' inflationary expectations. That is why the plan for economic recovery takes innovative action through setting realistic public inflation targets to help make this happen.

Just as important, the plan directly supports and reinforces these targets through rigorous new discipline in three key areas: government spending control, deficit and debt reduction, and wage restraint. Better financial management by government is a vital element of the economic framework Canada must put in place to achieve recovery and sustain prosperity.

Such management will restore public confidence that our prospects for lower inflation and interest rates and for real gains in productivity and individual prosperity will not be swallowed up in the quagmire of government deficits and debts and in the higher taxation that these demands cause.

Better government control of its finances will help to motivate people in how they act and think, in setting prices, in making wage demands, and in the ways they want government to use its finite resources.

It is these changed expectations and behaviour that will make possible the most significant reductions in inflation and interest rates. We know this because we have not forgotten our history. In designing our plan for