

Summer Recess

creating the disturbances. President Jayewardene warned those British members of Parliament not to meddle. "Solve your own problems first", he said, "before you cast your eyes elsewhere". Later at a reception I told President Jayewardene that I thought he had tendered good advice and as a Canadian I agreed with him.

I mentioned high interest rates. We all know that the United States Federal Reserve Board is using this policy to attract capital back into the United States rather than to fight inflation as is sometimes claimed. We in Canada are directly affected by the United States policy. The financial critics of the official opposition know this as well as we do. Others are affected besides those of us in Canada. Even the new socialist president of France has had to succumb to the devastating influence of this made-in-U.S.A. policy. Let us hope that the Economic Summit which is helping to push us out of town will be successful to some extent in modifying the high interest rate policy of the United States.

It is not necessary for pessimism to prevail about everything economic. There are also some very important aspects of Canada's present economic state which are extremely encouraging. I should like to mention three: Economic growth, employment and the deficit. There are signs of growth in the economy.

The spring update of the Economic Council of Canada indicated that the outlook for the Canadian economy is brighter now than it was last fall. The figures relating to the gross national expenditure, the GNE or the economy's total demand for goods and services, are more encouraging now even after taking the inflation rate into consideration. For example, the council now projects that for 1981 the GNE will increase by 2.9 per cent. Its previous projection last fall was only 1.4 per cent. For 1982 the council is talking about a 3 per cent increase, and for 1983 it is talking about a 4 per cent increase. Thus, we can see that a moderate recovery of the Canadian economy is expected over the next three years.

Also the Economic Council of Canada indicated that the productivity growth is likely to recover in the 1981-82 period, with an increase in manufacturing productivity of between 2 per cent and 2.5 per cent per year. In addition to these figures, the first economic forecast of the Conference Board of Canada for 1982 projected a decline in the rate of inflation between now and 1982, as well as some growth in exports and in business investment. In fact, it projects an increase in exports by 4.6 per cent next year, compared with only 1 per cent this year. That is economic growth.

The employment picture is also improving. For example, higher growth in employment is forecast over the first three years of this decade because of higher real economic growth. The economic council study indicated:

From now through 1983, the economy should be able to generate enough new jobs to increase employment by about 3.1 per cent a year instead of the 2.3 per cent projected last fall.

Therefore, the unemployment rate is expected to decrease more rapidly from 7.2 per cent this year to 5.3 per cent by 1985. When we compare Canada's unemployment figures with

those of the other OECD countries, we find that Canada is the only country with a jobless rate which decreased from the first quarter of 1980 to the first quarter of 1981.

An hon. Member: Now give us the rate of inflation.

Mr. Penner: Be patient my friend; I will come to that. Britain had an increase in that period of unemployment of 4.7 per cent under a Tory government. The United States had an increase of 1.2 per cent. Only Canada, among all the countries, had an actual decrease in its rate of unemployment.

Finally, I should like to refer to the federal deficit of \$14 billion. It is a gross understatement to suggest that this is not a healthy situation. In fact, such a deficit ought to give all of us some sleepless nights. The spring update of the Economic Council of Canada once again provides some encouragement. It indicated that the projections of the federal government's fiscal position have changed dramatically since last fall, principally because of the government's National Energy Program. The Economic Council previously projected a deficit of 4 per cent of GNE in 1981 which would fall gradually to 1.3 per cent of GNE by 1990. In its spring report, the council forecast a deficit of approximately 2.4 per cent of GNE for 1981 instead of 4 per cent, and a surplus position by 1985 instead of a deficit of 2.5 per cent of the GNE. With those projections and figures and that kind of optimism, let us hope that the new budget in the fall will have no large tax increases for Canadians and that there will be no abandonment of the indexation of tax deductions. It is obvious that we do not need them.

It is about time for hon. members of Parliament to return home, to renew relationships with family and friends, to get back to their constituencies, and to enter actively into another aspect of our work—the listening phase. Perhaps if we listen well between now and October and hear what is actually being said rather than what we want to hear, our time here between October and Christmas may be very productive.

In conclusion, I want to express a word of commendation to Madam Speaker. Presiding over the House is seldom an easy task. Madam Speaker has demonstrated the most admirable of all human qualities—the capacity to grow on the job and to respond to the demands of the task. In my opinion, she presides over the House with wit and charm, with intelligence and grace. She is a credit to Parliament.

Some hon. Members: Hear, hear!

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, good morning; it is now after midnight. I will not take too long, but I wanted to spend a few minutes to tell the House why we in this party intend to vote against the adjournment motion which was placed on the Order Paper by the President of Privy Council (Mr. Pinard). I wish to do that by pointing out that yesterday the House leader of our party made a speech before a few of these events took place. At that time he said as we had instructed him, that our caucus had decided to support the adjournment motion in order to give Judge Gold a chance to get both sides together in the postal dispute and reach a