

*Canadian Economy*

Over the past five years, our dollar has traded at an average price below that of any other year in our history, even going back before confederation. The 16 per cent discount to the United States dollar is again an historic first. You go back to the 1850s before you find such a period in our history where we have had consistently for such a prolonged period of time such a low dollar in relation to the American dollar.

**Mr. Nielsen:** We ought to make the Guinness Book of Records.

**Mr. Stevens:** That's right. Perhaps some government apologist, maybe the hon. member for Willowdale, will make this type of apology later and say that you have to let the system work. Yesterday the emperor, the Prime Minister (Mr. Trudeau), said he believed in gradualism. He felt that if he could somehow edge up interest rates, this would eventually reduce inflation. We in the official opposition are asking when this magic turn around will occur.

**Mr. Pepin:** Soon.

**Mr. Stevens:** The Minister of Transport says soon.

**Mr. Smith:** Have faith.

**Mr. Stevens:** Another government member says have faith. It will take a lot of faith. Since this government has taken power, interest rates have gone up roughly 4 per cent. Oddly enough, the inflation level has gone up roughly 4 per cent. It appears that rather than high interest rates stifling or dampening inflation, they are fuelling inflation.

Most economists are now coming to the realization that what this government has given to the nation is very expensive money, but not really tight money. The net result is that there is more and more money to borrow at higher and higher interest rates. This creates the scenario you need, not for lowering consumer prices but increasing them on many of our products.

Let me touch on productivity. As we know, the record in Canada with respect to productivity has been dismal. Per worker output declined about 3.5 per cent after 1980 after a 1.2 per cent drop in real terms in 1979. We had virtually no economic growth last year. That was confirmed in the Economic Review I read from earlier. The prospect for 1981 is again for virtually no growth. In terms of the average worker, real earnings have declined over the last three years by almost 5 per cent.

These statistics alone should indicate that urgent corrective measures are needed for the economy. I hope the Prime Minister will at least spend the money on a phone call to Gabon to tell the Minister of Finance that instead of being the world gadabout, he should get back here and start solving some of the problems I am referring to.

**Mr. Pepin:** Come on, he hardly ever travels.

**Mr. Stevens:** The only significant action that we have seen from this government on the economic front over the past

several years has been a policy of encouraging high interest rates, ostensibly to curb inflation, yet there is no indication that they are performing that duty.

Let me touch on trade. The Minister of Industry, Trade and Commerce, who is in the chamber, probably knows that world trading activity grew by a record 20 per cent during the 1970s, but unfortunately Canada did not keep pace. Canada had an annual average growth rate in the 1969-79 period of 15.1 per cent, with the result that our share of world trade decreased by over 30 per cent. This has represented an opportunity loss for Canadian exports of \$20 billion per year.

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One of the weakest performers in terms of exports has been our secondary manufacturing sector. From 1970 to 1975 Canada's share of world trade in manufacturing goods has dropped from 5.6 per cent to 3.8 per cent, at a time when Japan's share increased from 10.4 per cent to 12.1 per cent, when France's share increased from 7.7 per cent to 9 per cent, Germany's share from 17.6 per cent to 18.1 per cent, and Sweden's share from 3 per cent to 3.1 per cent. These statistics are not ours; they come from the Science Council of Canada which has outlined a technological policy for Canada. In 1980 we experienced an amazing \$17.8 billion trade deficit in end products alone, six times higher than in the early 1970s.

Notwithstanding that background, we find that the Minister of Industry, Trade and Commerce, at a time when the Americans were having active discussions with the Japanese in the hope there would be some type of restraint on the exportation of Japanese cars to the United States—and they succeeded in getting such restraint agreed to by the Japanese—said and did nothing to protect Canadians from the eventual outcome of having an export quota placed by the Japanese on exports to the United States market with no similar arrangement for the Canadian market. This may mean that 20,000, 30,000, perhaps even 35,000 extra cars will pour into the Canadian market as a result of the inactivity of the Minister of Industry, Trade and Commerce in this field alone.

Despite brave election promises to reduce inflation and unemployment and to provide Canadians with an industrial strategy, this government has continued rather in bankrupting the nation. There has been no effort to get to the root causes of economic decline. In fact, we find that rather than having an industrial strategy put before this House, some suggested way out of these dilemmas I am referring to, the Minister of Industry, Trade and Commerce has apparently been shunted aside from his own cabinet responsibilities and has had to admit to the public that any question of an industrial strategy must take second place to the constitutional debate and the energy policy program we have lived with in the House for so many months.

What I have been referring to is the Canadian scene. What a contrast we have now between Canada and the United States of America. In the United States it has been recognized that government itself represents the major problem to that nation in restoring itself to its old prosperity. The Reagan administra-