

Oral Questions

Mr. Horner: I think it would be natural for me to be slightly more optimistic than the ultra-conservative attitude which sometimes is found within civil servants. I do not disagree with them; I am just up ahead of them.

Some hon. Members: Oh, oh!

Mr. Crosbie: Mr. Speaker, I am glad to know they have a leader in the Department of Industry, Trade and Commerce, because we thought that the Minister of State (Small Business) was usurping that position. The press has said, "There is Tweedledum and Tweedledummer; sitting by Jack is really a bummer".

Some hon. Members: Oh, oh!

Mr. Crosbie: The minister's National Design Council has received a report on commercial innovation of secondary industry which states that Canadian firms will have great difficulty competing against imports, despite the decline in the dollar, because they do not have technical ability to match the imported products, and they say that much of Canadian manufacturing in newer products with the fastest growth rates are the areas where we have the heaviest imports.

In view of that, what steps has the minister taken to act on that report and to try to overcome these serious problems? If the minister is not going to overcome them, we will have to call on his deskmate to overcome these problems.

Mr. Horner: Mr. Speaker, I made a lengthy speech in the House the other night outlining clearly the financial responsibility which my department is taking to encourage rationalization in some industries and to encourage investment in some industries. I am pleased to be able to say that in manufacturing alone we have produced, November over November of last year, over 130,000 more jobs in Canada.

Some hon. Members: Hear, hear!

Mr. Horner: I am also pleased to say our imports of manufactured goods, if termed on a volume basis rather than on a dollar basis, are practically nil. There has been very little increase at all in the import of manufactured goods, if one rates it on a volume basis. If imports are rated on a dollar basis, because they are priced on the international market they are priced 15 per cent higher, or thereabouts, in relation to our dollar. So the dollar figures make it look like the import of manufactured goods has increased, but in fact that is not really the case.

If the hon. member can understand figures nearly as well as the hon. member for St. John's East, he should be able to comprehend what I am saying. However, I have very great difficulty believing that the hon. member can really understand figures, because he is a jokester around this House; he seems to understand poetry and humour, but nothing else.

[Mr. Horner.]

CURRENT ACCOUNT DEFICIT IN 1979

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, following on my colleague's questioning of the Minister of Industry, Trade and Commerce, I would like to direct a question to the Minister of Finance.

It is obvious that various members of the staff of the Department of Industry, Trade and Commerce now feel that our trade balance will worsen next year, which will mean that the current account deficit will be even worse in 1979 than it has been in 1978. In a review last month, McLeod, Young, Weir pointed out that in Canada's case, interest rate increases to stabilize currency simply reflects an unwillingness to come to grips with and deal with our four major current account problems.

Does the Minister of Finance intend to follow the policy of increasing interest rates domestically, with the hope that he will attract sufficient foreign funds to overcome the current account deficit, which seems to be increasing steadily, or will he agree that fiscal measures are needed, and not this monetary approach he is taking, to stabilize our dollar?

● (1122)

Hon. Jean Chrétien (Minister of Finance): If I understand the hon. member—and I hope he will put it in his program—we should not raise taxes, because he speaks about stabilization of the fiscal side of our policies. But that is not what his party speaks about when they go to the country trying to buy votes.

Some hon. Members: Oh, oh!

Mr. Chrétien: The hon. member has taken the study and tried to make a lot of it. I was expecting him to get up this morning and congratulate me because OECD, in its report yesterday, made exactly the same prediction as I did for next year. We will do much better than the United States.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, I notice the Minister of Finance forgot to mention who supplied OECD with the figures.

Some hon. Members: Oh, oh!

Mr. Stevens: However, let me follow-up further on the question of the mounting current account deficit, which I notice the minister does not deny. Does he propose to continue to spend as much as \$500 million a month—that is the amount that has gone out so far this month and that is the amount that went out last month—and does he intend to spend that amount in U.S. dollar reserves in defending the Canadian dollar which he claims is floating?

Mr. Chrétien: First, Mr. Speaker, the current account for the first three-quarters of this year was \$200 million less than last year. So when the hon. member speaks about the fact that it is ever-increasing, he should read the latest statistics.