

*Oral Questions*

[Translation]

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, we have discussed that question on several occasions in committee as well as in the House. Of course our inflation rate is unsatisfactory and should be lower than it is at present. On the other hand, one of the factors of that inflation phenomenon is perhaps the value of the Canadian dollar which has reduced so quickly that the inflation rate has become somewhat unexpected. I would like to point out to the hon. member that the economic indicators published yesterday show a very real increase for the third quarter. I am surprised that the hon. member has not mentioned that fact.

● (1422)

[English]

**Mr. Stevens:** In furtherance of his answer, will the minister confirm or otherwise the statement in the *Financial Times* of this week for which he apparently was interviewed in the comfort of his office. He stated that he anticipated we will not achieve an inflation level of four per cent until 1980. If that in truth is his department's view, why has there been a postponement of two to three years for reaching that target in that this current year was when we were supposed to get down to the four per cent inflation level.

**Mr. Chrétien:** Mr. Speaker, I made a prediction that I hoped the inflation rate next year would be six per cent. It would be desirable to have an inflation rate of four per cent, but I never put a specific date on that. I know it will not happen next year unless we are luckier than we expect.

**Mr. Stevens:** In the same article to which I have referred, the Minister of Finance is quoted as saying:

And in ten years time, the people will say: "Oh, gee, 1977—it was great."

Would the minister care to expand upon that statement? What does he think they will find great, the inflation rate of 8.8 per cent, unemployment of 8.3 per cent, the fiscal deficit of \$8.2 billion, the trade deficit of \$5 billion—

**Mr. Speaker:** Order, please. I am sure the hon. member will agree that question has some argumentative elements in it.

DROP IN LEVEL OF EMPLOYMENT IN MANUFACTURING—  
GOVERNMENT ACTION

**Mr. John C. Crosbie (St. John's West):** Mr. Speaker, I have a question for the Minister of Finance. Manufacturing employment in Canada is roughly six per cent lower now than it was three years ago. Can the minister tell the House whether in his view that decline is attributable to the loss of our competitive position, a loss that will likely be \$11 billion this year in our trade and manufactured products. Can he tell the House how he proposes to stop this trend which seems to indicate we are going to be de-industrialized if it continues?

[Translation]

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, I will point out to the hon. member that during the third

[Mr. Stevens.]

quarter, the annual rate has increased by 5.2 per cent which is very satisfactory. At present, since Canadians are receiving earnings which are closer to those received by Americans and since the Canadian dollar is at a more realistic level, we have reached, in my opinion, a more competitive position. This is why we have for 1977, contrarily to 1975 and 1976, a large surplus in our trade balance in relation with other countries.

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[English]

TRADE

TARIFF NEGOTIATIONS AT GENEVA—REQUEST FOR BRIEFING  
OF MEMBERS ON PROGRESS AND POSITION OF NEGOTIATORS

**Mr. John C. Crosbie (St. John's West):** My supplementary question is to the President of the Privy Council, the Acting Prime Minister, who is also the head of a cabinet committee to whom Mr. Jake Warren and our trade negotiators report at Geneva. There is a great deal of fear among our industrial sector that our negotiators at Geneva have free trade in their opinions and views and will not listen to the problems of industry. Will the President of Privy Council tell us whether the government negotiators are going to be instructed to hang tough in their bargaining to protect manufacturing and jobs at Geneva. Will he tell us whether opposition critics will be given a full briefing on our posture at Geneva, what our objectives are and how the negotiations go as the year proceeds in 1978?

**Hon. Allan J. MacEachen (Deputy Prime Minister):** Mr. Speaker, I can assure the hon. member that it will be the intention of the Canadian negotiators to be tough at Geneva and to secure the best possible advantages for Canada. As the hon. member knows, there is under consideration at the present time, especially in the field of industrial products, an overall tariff plan which anticipates reductions in the levels of tariffs. It will be our intention obviously where such changes take place to ensure that they do take place with reciprocal advantage to Canada. Of course, the long term objective of the trade negotiations is to provide growth in general employment and in incomes, not only in Canada but among the trading countries. I believe the final point made by the hon. member is a good one. It would be useful to have the opposition critics briefed on the developing situation in Geneva and I will attempt to arrange to bring that about at a suitable time.

● (1427)

TARIFF NEGOTIATIONS AT GENEVA—SUGGESTION INDUSTRY BE  
INFORMED ON PROGRESS

**Mr. John C. Crosbie (St. John's West):** Is the President of Privy Council aware that those engaged in the manufacturing industry in Canada have a common complaint—they feel there is not sufficient feedback from the government about what is to happen in Geneva; there is no mechanism set up for this process during the negotiations. Would the hon. gentleman look into that aspect and arrange a mechanism so that these people can get some feedback from the government negotiators as the discussions go on?