

### *Adjournment Debate*

government's high dollar policy, what measures is the minister taking to help ensure that the high dollar will be lowered or, at the very least, what measures is he proposing to offset the harmful effects of this policy on the forest sector?

Not satisfied with the minister's response to this question I thought I would try to elicit more information this evening.

The minister knows how important the forest industry is for the Canadian economy. For example, it employs about 300,000 workers and indirectly, gives work to 500,000 more. In 1988 productive forest lands brought in more than \$30 million in exported goods. In the Canadian manufacturing sector, one out of seven dollars comes from the forest industry. It contributes in excess of \$17 million to Canada's net trade balance, more than the total net trade balances in agriculture, fisheries and mines.

The forest sector is larger than those of the car-making and oil industries. In addition domestic and foreign sales of forest products account for a Canadian annual trade which brings in close to \$25 million.

[*English*]

The monetary policy of the government to which I am referring in the question has to do with the high dollar value and that is linked to the high interest rates. I just want to point out the impact that this has had on the economy in general. I want to quote a few statistics here.

In regard to corporate profits and bankruptcies, corporate profits fell 17 per cent last year and are expected to fall an additional 10 per cent this year. During the first six months of 1990 there were 23,651 bankruptcies. That is up 30 per cent over the 1989 period and up over 3,000 from the worst showing during the recession of the early 1980s.

I will put this in context from the beginning as I am not blaming all of this on the monetary policies. There are other factors as well, but certainly it has had an effect.

In the manufacturing and professional job area, 148,000 manufacturing jobs, representing 6.9 per cent of all jobs in this sector, were lost between June, 1989 and June, 1990. Shipments are declining in 17 out of 22 sectors, the worst showing since the 1981-83 recessionary period.

In regard to the budget, Mr. Wilson's 1990 deficit figure was based on an average interest rate of 11.1 per

cent. We know that the interest rate is somewhere around 13.38 per cent on average over the first six months of this year. This means that if Mr. Wilson wants to meet his deficit target he will have to lower rates to an average of 8.82 per cent for the second half of 1990, a drop of 4.56 percentage points. I should have asked how many more jobs have to be lost in the general economy over all.

Since my question had to do with forestry, I want to find out what this monetary policy has done to the forestry sector as well.

Earnings in the forestry sector are down 40 per cent to 50 per cent in all forest products industries for the first six months of 1990 because of the high dollar. Pulp shipments are down 20 per cent for the same period because of the high dollar. Industry spokesmen estimate that 4,500 lay-offs are directly related to the high dollar.

In British Columbia, a one-cent raise in the dollar means a loss of \$100 million in revenues, that is one cent on the dollar. Revenues of \$5.1 billion have been lost in the forestry sector over the 1987, 1988, and 1989 period because of the high dollar. The loss for 1989 was \$2.5 billion, and the loss for 1990 is expected to be higher.

• (1805)

In my riding of Restigouche—Chaleur alone, we suffer from high unemployment, but we are a natural resource-based riding. Again, we see the effects of this: the high unemployment and lay-offs. There are two major companies that look toward international markets that have their workers on strike and are reluctant to come back to the table because of the high dollar. The high dollar is not the only reason they are on strike, but it adds to the whole issue.

The Minister of Forestry has the responsibility to protect the forestry sector. I am not asking to change the fiscal policy, but I am asking him to try to influence the Minister of Finance or the Prime Minister to see the detrimental effects that the high interest and high dollar policy of the government has on forestry. I think it is imperative that the minister realizes that he has a responsibility to do that.

[*Translation*]

**Mr. Michel Champagne (Parliamentary Secretary to Minister of State (Forestry)):** Mr. Speaker, I may remind the hon. member that at the time, the minister said in