

*The Budget*

This budget talks tough but it does very little. The fundamental assumption underlying this budget is that the Canadian economy will automatically correct itself. It assumes the consumers will return to spending and that Canadian exports will suddenly be in demand again on world markets. It assumes that the national debt will be paid down through a combination of high growth and low interest rates.

This would be news to most Canadians. Many are caught up in the same general credit crunch as the government. Many others are losing their jobs precisely because their companies and their products are no longer competitive in world markets. Most Canadians are concerned about their economic security and their future. They are decidedly less concerned with "reflating" the economy by opening their already beleaguered pocket-books.

Nor is it clear that we can expect miracles from export-led growth. The Americans are suffering from much the same problems as Canada while our exports overseas, where we face real trade imbalances, are steadily losing ground. Meanwhile our trading partners overseas do not seem to be any more disposed to buy our exports than they were a year or two ago.

It is even less clear that the government can continue to lower interest rates indefinitely when it is becoming increasingly difficult to attract foreign lenders in a world hungry for investment capital.

Even the government's claim that low inflation will hone Canada's competitive advantage rings false when we recognize that the statistics reflect not so much a fundamental restructuring of industry and labour as a profound withering away of our industrial base and growing unemployment. This hollowing out of our industrial base has been accelerated by the excessive reliance this government has placed on high interest rates, and consequently a high Canadian dollar, as the sole method of combating inflation.

There can be no magic, no easy return to high growth because, in a very real sense, our growth crisis existed long before this so-called recession. The fundamental economic problems which have led us into this quagmire—the national debt, declining productivity and our deteriorating competitive position world-wide—have not gone away despite the very real pain now being experienced by Canadians and the optimistic forecasts of this government's seventh budget.

Staying the course is simply not good enough. The real issue is how the Government of Canada can help Canadians to be more competitive in the world marketplace.

• (1520)

Only by building a more competitive industrial base can Canadians have the means and the confidence to restart our domestic engine. Only producing goods and services which the world wants will maintain our living standards and correct our growing trade imbalances.

In the end, this means foregoing consumption for investment in industrial capacity, infrastructure, training and so forth. The question is not so much what policies should be enacted but who has the political will to enact them.

It is now unfortunately all too clear that this government does not have that political will. All that we have in this budget are a few modest proposals. There are small adjustments to the taxes for manufacturing and processing. There is a small increase in capital cost allowances. There is a slight modification to small business loans.

These are not answers to the pressing competitive challenges which face Canada, challenges that will only increase in the immediate future. The government's answer is not in this budget. The answer is certainly not in the year-long consultations on international competitiveness which it launched a few months ago.

For reasons that pass all understanding the government has launched a task force to travel across the country asking questions to which all Canadians already know the answers. Canadians know already that our education system is in serious need of an overhaul if we are to compete effectively, if we are to achieve those standards of affluence to finance the social programs essential to Canadian well-being.

What is there in this budget to encourage Canadians to think that their government recognizes the need for a greatly strengthened government initiative in the fields of education, training, and retraining? What is there in this budget to encourage Canadians to think that the government has finally recognized the profound impact the continuing high levels of functional illiteracy have on our productivity? What is there in this budget to demonstrate that this government is prepared to lead the way in ensuring that Canadians receive the education, the life-long retraining that is essential for Canadians to prosper in a global economy? What is there in this budget to assure Canadians that their government recog-