

The Address

performance of 147,000 jobs in Canada, most of which are part-time, and none in Quebec, is far off the mark.

These chilling statistics hide thousands of human dramas. No one goes gladly to an employment centre for the unemployment insurance benefits to which they are entitled. Underemployment has considerable economic and social costs. It is a real collective tragedy. In this regard, it is very urgent to put people back to work, giving them real hope of recovering their dignity by regaining the right to earn their living.

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Therefore, it is no surprise that the unemployment level remains at such a high level. Fortunately, the American economy is not suffering from the same problems as those of the Canadian economy. Consequently, the economic situation has at least one aspect that works for us, namely exports to the United States. But the result is that the gap between American and Canadian unemployment rates has never been so high, the difference being close to five percentage points. The recovery south of the border is much stronger than here.

Indeed, major obstacles to a strong recovery continue to exist in Canada. In the last few years, inflation has been lower here than in the United States, but our interest rates remain high.

We hear a lot about the fact that interest rates are presently at their lowest level in thirty years. The reality is that this is only true of short-term interest rates. In 1963, the bank rate set by the Bank of Canada and the preferred rate charged by banks were about the same as today. However, the rate of a 25 year mortgage was 7 per cent, and the rate of long-term Canadian bonds was 5.1 per cent, instead of the present 7.25 and 7 per cent rates that now apply to a five-year mortgage. This is where the problem lies, and it is a two-fold problem. Indeed, long-term interest rates remain too high, while the purchasing power of Canadian households has dropped significantly.

Soon we will have no choice but to take a close look at the characteristics, the evolution and the magnitude of our economic problems, and also at the hardships that they create for their primary victims, namely the one and a half million unemployed workers, and the millions of children and adults who live below the poverty level. It appears that the new government prefers not to assess the magnitude of the problem, which is not even touched upon in the Throne Speech. Moreover, the government does not realize that we are caught in a vicious circle. The fact is that there will not be a true recovery as long as the political structure remains the same. Indeed, the present political structure is the primary cause of the falling into decay of the Canadian economy.

One of the most obvious, if not spectacular, signs of this is the chronic inability of federal governments to control the budget deficit and the resulting soaring debt. It seems that this voracious monster can at will, like the Minotaur, take its toll in terms of jobs, of the minimal security of the poor, of the financial health of the federal State, and even of the future of our young people. Not only have those deficits been constant for the past 18 years, but this year's, which stands at some \$43 billion, confirms that the system is totally out of order.

In order to get out of this mess, it will not be enough to blame the previous government. In any case, Canadians have already let us know what they thought of its performance. Yet, the careful observer who has not buried his head in the sand cannot fail to identify a certain element of ineffectiveness, which is inherent to the system.

Nevertheless, the government continues to pursue the ostrich's policy followed by its predecessor. By escaping from reality, it cannot put the finger on the main problem: this country is not governable, because it is stuck with a deficient and sclerotic decision-making structure.

Nothing seems to make successive governments in Ottawa come out of the cocoon in which they shelter themselves from reality, and so it is with this new government.

Yet, one only has to look at the relative performance of various other countries subject to the same international environment. This is a sure criterion, since everybody is facing the same economic problems and requirements. Therefore, the global context does not justify Canada's mediocre performance in terms of productivity since 1979, the worst of all OECD countries, nor the persistence of such a high unemployment level, nor the uncontrolled growth of the debt which, as we know, reached \$500 billion yesterday. Canada is also in first place in terms of relying on foreign investors, since 40 per cent of its debt is owed to foreign interests.

Be that as it may, it is not free trade agreements, global markets, or the requirements imposed by the competitiveness of the world markets which, in the last few decades, have forced the federal government to embark upon all kinds of programs and expenditures, to encroach upon provincial jurisdictions, and to create a tentacular bureaucracy. Rather, this extravagance and this inconsistency were motivated by a triple internal concern: to give to the federal government a legitimacy snatched from the provinces; to affirm its role as a strong central government; and to neutralize the centrifugal forces of the structure. It is our political structures which are called into question when we wonder why we have become the most overgoverned country in the Western world, with 11 governments for a population of 28 million people.