

Supply

incentives for business to do that research and development to create jobs.

Another area they seem to ignore is this whole issue of inflation and the bank rate. It may be difficult to ask people to take less, to cut their salaries in order to make the Canadian economy more competitive, but let me just give a couple of examples which I think are very relevant on the issue of Canadian competitiveness. They are examples that exist in my particular riding, in my particular area of Ontario.

When you are concerned about Canada's ability to compete with a 2 per cent or 3 per cent inflation rate, let me give some examples of what is going on in order to help you understand that if we do not do something the problem gets worse.

Lear Siegler, a company in my riding, just negotiated a union contract. I do not fault the company and I do not fault the union. That is free enterprise. They can negotiate as they please and they can draw their own results. They settled for a 39 per cent increase.

The union president publicly boasted about the fact that they now have a starting salary at the end of the contract of \$20.68 an hour. Great, I am glad they were able to do it, but do they have no sense that when one starts at \$20.68 an hour in Whitby, Ontario, when one starts at \$15 an hour in some other community in Canada or when one starts at \$5 an hour somewhere else in the world, they are uncompetitive.

They do not seem to be concerned about that. I have made note of that particular company for one reason. I have no doubt that six months from now or a year from now, the NDP is going to be in this particular chamber yelling: "There is another company that closed because of free trade. It had nothing to do with the fact that the union demanded and got a 39 per cent salary increase".

What happens to that 39 per cent? Clearly people in my constituency look at that and they say: "My goodness, we want a share of that".

Let me give you another example. The teachers in my riding just negotiated a 14 per cent salary increase. Fine, it is the free process of negotiation. If they can negotiate a 14 per cent salary increase, I give them full marks. However, what is not included in that 14 per cent is that they also negotiated a reduction in the number of students in the class. This means the school board also

has to hire more teachers. Now we have the school board saying that it needs a 15 per cent tax increase in the municipality.

That works through to the bottom line some place. In Ontario now we also have the story out that the nurses have settled for a 29 per cent salary increase. It is still rumour and I am not sure of the exact number, but it seems that rumour is being substantiated in a number of areas. Great, that is the bargaining process and I respect that.

The only thing I am trying to lead up to is that when we have an inflation rate of 5 per cent and we are negotiating 13 per cent and 14 per cent wage increases, we have to understand that all the other people who live in the area start to look at those dollars and say they want the same thing. If they all get the same thing, then they eventually become uncompetitive.

Therefore, in my riding, houses that used to sell for \$100,000 now sell for \$250,000. Tell me how the worker was better off. How is the worker better off having doubled his salary, when the cost of housing has gone up two and one-half times. I do not know. I am not saying which is the cause of the other. I am not sure which came first.

I can say one thing. As we collectively demand a lot more and get a lot more, there are others even here in Canada, even in Ontario, who will work for less. They will be competitive and they will be the ones that get the jobs, and those jobs will move from town to town unless we collectively accept that we are in this challenge together.

That is why the government has very clearly put forward this competitive strategy. It is a good strategy. In the case that I mentioned, the Lear Siegler workers who managed to get a 39 per cent salary increase, full marks to them.

If at the same time they upped their output by 39 per cent, that would be tremendous. That is called competitiveness. The net effect to the consumer is marginal, because they are producing an awful lot more. The net effect to the bottom line of the company is marginal because in fact they are selling a lot more, and yet it has been beneficial to the worker in the plant.

What I am suggesting by my comment is that if we are all in this thing together, if we recognize this problem, there is nothing wrong with large increases in pay as long