

*Adjournment Debate*

The over-all result of these efforts, in partnership with the First Nations, has been to reduce the average number of persons per house, nationally, from 5.9 to 4.8.

Mr. Speaker, I see that my time is up. I would have many more good things to say, but it will have to wait till next time.

[*English*]

## THE ECONOMY

**Hon. Alan Redway (Don Valley East):** Mr. Speaker, I do not have to tell you that we have a problem in Canada. It is a massive problem and it is called unemployment.

Last month unemployment reached some 10.6 per cent, the highest it has been in this country for almost six years. That is up from 10.4 per cent in January. In Toronto it is up to 10.8 per cent, up from 8.3 per cent a year ago and less than two years ago it was only 4.6 per cent in Toronto.

Sure, 10.6 per cent is still less than the 12.8 per cent that we hit during the 1982 recession, but that is really cold comfort to those who are unemployed.

What are we going to do about it? It will be recalled in my letter to the Prime Minister in January I suggested five initiatives.

In early February, the government acted on one of those, the 5 per cent down payment. I was pleased to see that some 6,000 people or more have taken advantage of that in less than one month.

In the budget on February 25 the government acted on two more of my suggestions, one the RRSP proposal, the other one cutting personal income taxes, very modestly I will admit.

The question of course is: Is that going to be enough to do the job to get the economy moving again? There are other things we can do.

One of those things is the lowering of the value of the Canadian dollar. That could make an enormous difference as far as unemployment is concerned and job creation.

A 1 per cent increase in the value of the Canadian dollar results in a \$14 million sales decrease for Inco, the International Nickel Company of Canada, and it puts the jobs of some 10,000 employees of Inco in jeopardy. That is the same problem that all Canadian exporters have. They have problems with productivity, problems with labour costs but those cannot be solved in the short run.

The problem of the value of the Canadian dollar can be solved in the short run by reducing the spread between the interest rates in Canada and the U.S.A. That way we can help our manufacturers, our exporters and increase jobs.

It will be recalled that the Minister of Finance said that neither the Bank of Canada nor the government sets the value of the Canadian dollar. Back in November the Governor of the Bank of Canada said that it takes direction from the Department of Finance on exchange rates. Who are Canadians to believe? The Minister of Finance or the Governor of the Bank of Canada?

Fortunately, the value of the Canadian dollar has fallen somewhat. But tonight I want to ask the minister again to lean on the Governor of the Bank of Canada, give the direction that the Governor of the Bank of Canada says will be taken from the Department of Finance, lower the value of the Canadian dollar, create some jobs in Canada and get our economy moving again.

[*Translation*]

**Mr. Pierre H. Vincent (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):** Mr. Speaker, the exchange rate is determined by market forces, not by the government. Interest rate spreads are an important determinant of the exchange rate, but several other factors impact on the market evaluation of the Canadian dollar. These factors include foreign borrowings by Canadian entities, our relative inflation performance, international uncertainty, and investor confidence in the policies of the government. This is illustrated by the continued appreciation of the Canadian dollar through the second half of 1990 and the first