

Supplementary Borrowing Authority

Progressive Conservative Party, he said, "This is precisely what we would do to get us out of this disastrous situation". He laid out the precise steps: one, two, three, four; he broke it down: A, B, C. The Progressive Conservatives say that we must change the national energy policies, make some airy-fairy comments about improving Government and so on. I hope that when Hon. Members stand up to speak following my speech, they will be precise as to their ideas concerning economic recovery.

We know that this country has a great deal of potential. We know that there are alternatives, choices and opportunities which have not been identified or addressed by the Government. Tonight we are being asked to approve the expenditure of \$4 billion. The Prime Minister asks us to pull together. From this side we are asking, what is it that we are pulling together? Why are we pulling it together? Where are we pulling it? These are the questions. What are we doing? The Government needs \$4 billion to do what? We would simply like someone to tell us what we are pulling together, why we are pulling it and where we are pulling it.

Until the Government can present an industrial strategy to this House of Commons, an economic statement which will lay out in clear, articulate fashion a program which Canadians can support and embrace, this Party will never approve the borrowing of an additional \$4 billion.

[Translation]

Mr. Pierre Deniger (La Prairie): Mr. Speaker, I am really most anxious to start my speech. I have seldom seen the members opposite as attentive as they are now to what I am about to say to the House and to the Canadian people this evening. Everyone is here to learn something and I fully intend to give them a few lessons here tonight.

Mr. Speaker, I am especially pleased to be taking part in the debate this evening, because in recent years when we have been discussing borrowing authority bills, the bills were introduced in a context that was often a very difficult one. Mr. Speaker, yesterday we listened to a statement on the economy by the new Minister of Finance (Mr. Lalonde), a statement that according to Quebec's editorial writers, and I am thinking of Marcel Roy and Jean-Louis Roy and a host of others, was very well received. One of the editorials appeared under the heading: A glimmer of hope, while another bore the title: Direction and leadership at last. Mr. Speaker, there is no doubt that people who are complaining that our government failed to provide long-term policies in yesterday's message by the minister entirely failed to understand what the point of the exercise was, because the minister was, in fact, responding to a situation that is temporary. And as I said this morning, during a debate I had with a member from each opposition party who called it a budget, if they want to call it a budget, they are welcome to do so, but it is an economic statement.

However, Mr. Speaker, in the present situation, in this worldwide economic recession, is there any hope at all, is there a light at the end of the tunnel? The unemployment rate is

absolutely devastating. In Canada, for instance, it has reached an average rate of nearly 12 per cent. However, we must not forget it is 10 per cent in the United States and 14 per cent in Great Britain, and nearly 15 per cent in Quebec, as you know, Mr. Speaker. It is a situation that is causing great hardship for those who are being affected at the present time and it also causes a general malaise among those who feel the threat of unemployment hanging over them. One thing is very important and it is something I appreciate in the current debate, namely that the government on which people used to depend for solving all their problems, meeting all their aspirations and satisfying all their claims, is no longer the only one to play a role and this, people have finally understood. For the first time since 1940, we have all had to realize, and this is something new or perhaps not so new, that ailing economies cannot be cured, cannot be treated lightly, with stimulants or tranquilizers. Inflation and unemployment are problems that cannot be treated lightly. The present recession has also taught us that remedies that proved effective in the past are not necessarily effective today. Quite often, the exact opposite may be necessary. Take, for instance, Mr. Reagan in the United States who decided to cut taxes and has now brought them back. So all our economies are now convalescing. My hon. colleague from Regina East (Mr. de Jong) is making some inane remarks. A pity I did not understand what he was saying, but I am sure it was pretty inane. It is a habit he has. So all our economies are convalescing, and although each one is a separate and distinct case, they are all suffering from the same disease: inflation. It is the main affliction of all our economies. Look at Canada. To survive, it must be able to compete on international markets. Being competitive is of primary importance if the Canadian economy is to be successful. However, if we look at wage costs in Canada, for instance, we see that wages have increased at a much faster rate than they have in the United States, Japan or Europe. Our export industries are particularly handicapped by this fact, and they are the ones that are competing with other imports. As you know, our wages are already higher than they are in the United States. In the lumber industry, for instance, we see that in Canada it is functioning at only 70 per cent of capacity, and this may go down to 50 per cent.

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The fact is that in today's buyers' market, customers go where the lowest prices are to be had. Our costs are not necessarily the lowest if our inflation level and wages are perhaps too high and if there is no advertising. The average rate of inflation in Canada could reach 11 per cent in 1982, that is 4 to 5 per cent higher than in Germany and Japan. It is quite obvious that inflation distorts corporate balance-sheets. Capital gains will often only represent an artificial increase in the worth of assets which correspond to inflation. Corporate profits are often increased by inflation to the extent that revenues reflect such inflation, while deductions are often based on cost prices so that bookkeeping is often distorted. The