

### *Supply*

I should like to refer to a few facts in that regard. Since the 1980 election, what has happened in terms of inflation with which the Prime Minister (Mr. Trudeau) promised to deal? It has risen from 9.4 per cent to 11.4 per cent. At the time of the 1980 election, unemployment was at 13 per cent. Now in real numbers, including all men and women who ought to be included in the official statistics but for technical reasons are excluded, unemployment has risen to 15 per cent. In 1980 mortgage rates were 13.5 per cent. Now they are up to 18.5 per cent and 19 per cent.

I should like to emphasize the need to come to grips with serious structural problems in the Canadian economy. When the Liberals were elected in 1980, there was a deficit in manufactured goods in terms of trade which was \$3.6 billion less than the present deficit. In human terms that \$3.6 billion increase in the deficit in manufacturing trade represents the loss of hundreds of thousands of jobs.

The reality is that the international economic policies which the Liberal Party has been following for years have resulted in a national disaster in economic terms and a tragedy in human terms in the lives of men and women throughout the country. In the context of the situation with which we are now faced and having lost 235,000 manufacturing jobs between August and the end of December of last year, for years we have lived with a Liberal government that depended entirely upon one fundamental policy for the economic growth of the country.

There were two aspects to the policy. On the one hand, it has said that we are a country with virtually unlimited resources from British Columbia in the west right through to Newfoundland in the east, especially but by no means exclusively in the northern areas of our provinces. The Liberal Party has relied on the selling off of those resources for job creation purposes and for balance of payments purposes. Any serious analysis of Liberal policies from C.D. Howe to the present will not deny this contention. The resource hinterland of Canada, as Liberal members perceived it, was to remain precisely that for the rest of the world. We were to provide resources, they were to manufacture goods, and we were to buy them back.

The other aspect of the Liberal economic policy was that we had to have some manufacturing; even Liberals realized this. After the war Liberal members created, through government initiative but not exclusively in the government sector, a very dynamic Canadian manufacturing economy. Instead of building upon the base of this government wartime initiative, what resulted is what I call the second pillar of Liberal economic policy which goes with resource sell-out, that is, the encouragement of branch plants to come here to establish a manufacturing industry. We know the results of that. I do not want to talk about it just in general terms today; I want to talk about the concrete results of that structure, how it is crumbling, how we see its effects and why we should now be responding to it.

● (1430)

What happened as a result of that fundamental decision after the war? Inefficient branch plants were established. Research and development was not done here. World markets

were not sought. No one dominated the domestic market. What has resulted in this our year of economic crisis, the most serious since the great depression? What has resulted in terms of manufacturing? I remind the House that manufacturing is absolutely crucial to jobs. Although the service sector has been growing not only in Canada but in other modern nations disproportionately to the manufacturing sector, the economic reality is that you get growth in service sectors related to the manufacturing sector and if you do not have the manufacturing growth, you do not get the related service sector growth.

Just in this past year we have seen the results of this disastrous economic policy of the Liberals. In the past year we had a \$21 billion imbalance in trade in manufactured goods. This means not only hundreds but thousands of dollars per citizen. In human terms it means the loss of hundreds of thousands of jobs in manufacturing that should be here in Canada. We should be using our own resources, both human and material to produce jobs here. Last year the over-all deficit in the balance of payments was over \$9 billion.

What are the results of this? As I have said already, there are 1.8 million people unemployed. Our Canadian dollar has dropped in value because of the persistent and growing imbalance in our balance of payments. The government's policies have also meant high inflation rates. But more important in terms of structural concerns in the economy, this imbalance has given the Government of Canada almost no leeway in being able to act. Because we are so dependent upon imported goods in manufacturing, in order to stimulate the economy you offer massive tax cuts, which in certain circumstances, including the present, would be appropriate in a well developed industrial economy.

What happens in Canada if those tax cuts are of massive proportion is that some 40 per cent of the money put out in general circulation to the taxpayers will go outside of Canada to buy more imported goods to further exacerbate the balance of payments situation. That is the kind of vicious circle in which Liberal mismanagement of the economy has got us.

Faced with this reality, this genuine concern and I think a sense of realism among the people of Canada, the Government of Canada should level with the people instead of backing away from them, as it did when a little heat was applied respecting the National Energy Program, and it should tell them what the real reason is for our difficulty. What we have is an unbalanced economy, unbalanced in the sense that we are living off our resources, selling them off, and depleting them too rapidly. This we have been doing for years. Canada has to import too many manufactured goods. The government should take the people into its confidence and explain the situation to them in the way the Japanese and virtually every western European nation did after the Second World War, when they set a course for long-range development. I am convinced that if the government did that, Canadians would respond positively. We need now slow growth perhaps, but we need real growth to provide durable jobs not only for our unemployed but for our children and our grandchildren.