reasons for any loss of competitiveness we are suffering. The government's own policy is causing the problem.

Auto makers like Bill Atkinson, vice-president of sales at GM Canada, are pointing the finger at the government's high interest rate policy. He said that "because of continued high interest rates, GM had expected a further softening of the market."

Othmar Stein of Chrysler Canada, said that interest rates and the softening economy are "spooking car buyers—Canadians are getting nervous, and they are hedging their bets."

Why does the Minister want to see automotive plants like Kelsey-Hayes in Windsor shutting down? When is he going to bring in economic policies that will create automotive jobs in Canada and not destroy them as his policies are doing right now?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I want to take exception and correct what the hon. member said in the preamble to his question. He said that the primary reason is the increase in the Canadian dollar. That is not so. That is not what Wood Gundy said.

They point out that compensation per person/hour rose by 8.2 per cent last year, a 6.5 per cent point premium over productivity gains, and the growth gap widened noticeably in 1989. They point out that the gap between compensation and productivity has widened steadily since 1985.

• (1420)

Throughout this whole report, the focus is the cost increases, not the level of the Canadian dollar. They talk about an alarming loss of competitiveness. This continual higher cost growth in Canada has led to a dramatic decline in our competitiveness. For the business sector as a whole, Canada's advantage in U.S. dollar denominated unit labour costs has shrunk from nearly 20 per cent in 1986 to only 5 per cent in 1989. It is—

An hon. member: We can read.

Mr. Wilson (Etobicoke Centre): The hon. member says he can read. I would hope that he would read and learn.

Some hon. members: Oh, oh!

Some hon. members: Hear, hear!

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, I quote from the Wood Gundy report:

> The rise in the Canadian dollar has, of course, heightened even further the difficulty in which Canadian business now finds itself.

The minister wants to make the situation worse by the added cost to the economy of the GST.

[*Translation*]

Mr. Speaker, the government wants Canadians to believe that the economy is in good shape. However, our manufacturing sector has lost 70,000 jobs since January. Last year, our trade surplus fell by more than 50 per cent. Finally, during the first quarter, the bankruptcy rate rose by 29 per cent.

I have the following question for the Minister of Finance: When will he introduce economic policies that will boost the economy, not strangle it?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, if we listen very carefully to what the Leader of the Opposition said, he was drawing conclusions based on the symptoms of the problem. I do not question the symptoms of the problem. Our job as a government is to deal with the cause of the problem.

An hon. member: You are the cause of the problem.

Some hon. members: Oh, oh!

Mr. Wilson (Etobicoke Centre): The cause of the problem as set out very clearly by the Wood Gundy study is the growing loss of competitiveness in the Canadian economy. The loss of competitiveness is related directly to the increasing cost structure, primarily wages, in the Canadian manufacturing sectors.

Since 1986, manufacturing costs in Canada have risen 10 per cent faster than in the United States and Germany, and 20 per cent faster than in Japan. If we do not get these costs under control in Canada, we will suffer a further loss.

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[*Translation*]

MEECH LAKE ACCORD

Hon. Bob Kaplan (York Centre): Mr. Speaker, I would like to ask the Deputy Prime Minister, as my leader did yesterday, to keep us and the nation informed of devel-