

ORAL QUESTION PERIOD

[English]

ECONOMIC DEVELOPMENT

IMBALANCE IN CURRENT ACCOUNT DEFICIT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the intended President of the Board of Economic Development Ministers, the virtually supreme economic commander in the cabinet. It touches on the current account deficit of this nation which was disclosed yesterday, of \$1.3 billion, our highest quarterly deficit as far as current account is concerned.

This means that there has been a deficit of over \$17 billion run up by the government, in our foreign position, since 1973, the worst such record of any major industrial nation in OECD. Would the intended minister indicate what steps he has in mind to try to correct this serious imbalance in our current account deficit with the rest of the world?

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): Mr. Speaker, I doubt if I will be able to give answers on a daily basis on what is obviously a medium and long-term problem to be solved.

I think the generality of my responsibilities and the responsibilities of the proposed Board of Economic Development Ministers will be detailed when we can find House time to bring forward for debate the resolution which is already before hon. members in terms of being public. However, the debate will probably be scheduled on the return of the Prime Minister some time next week, at which time the general functions of this board will be made clear to the House.

Mr. Stevens: Mr. Speaker, my supplementary question is to the same minister, the would-be economic czar in Canada. The \$17 billion cumulative current account deficit since 1973 to which I have referred represents an interest cost flowing out of the country, which is required to finance that type of deficit, of \$1.5 billion.

Has the intended minister any plans to work with the government, with industry and with other groups to stem the outflow and, most importantly, the interest deficit we are accruing as a result of covering the deficit by the funding to which I have referred?

Mr. Andras: Mr. Speaker, the hon. member knows very well that the balance on our merchandise trade account is encouraging to all of us. He knows the other problems to which he referred are long-term. Indeed, I will not spin-off an answer to a question in the question period on the kind of long-term, medium-term solution which we will endeavour to find, because it would be absolutely ridiculous to suggest that there is a short-phase panacea answer to these kinds of questions that has any real validity.

Oral Questions

● (1427)

Mr. Stevens: Mr. Speaker, I have another question for the minister. In view of the fact that great uncertainty has been brought into the marketplace concerning the government's attitude to our floating dollar—which is again under pressure today; it is brushing 85 cents—would the minister, who hovers over all the other economic ministers, indicate whether we are going to have a pegged dollar, as suggested by the chairman of the Standing Committee on Finance, Trade and Economic Affairs, or does he support the Minister of Finance in floating the dollar, notwithstanding the fact that the government is spending hundreds of millions of dollars a month doing exactly what government members have said they are not doing?

Mr. Andras: The Minister of Finance clearly speaks for the government on that kind of question, which is in the area of economic policy, and he has given his answers to the House on many occasions. I doubt very much if he would have given a different answer today if the question had been addressed to him. I will note the question and refer it to the minister to see if he wants to elaborate further on another occasion.

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TOURISM

PREDICTIONS RESPECTING BALANCING OF TOURISM BUDGET

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce: it is in connection with the deficit in the current account balance of payments.

With respect to the figures on tourism for the first three-quarters of 1978, our cumulative deficit is \$1,387 million, the worst in our history. Last year, for the first three-quarters, it was \$1,314 million, and the deficit in the tourism account for the first three-quarters of 1976 was \$898 million. On February 26 of this year, when speaking at the Liberal party convention in Ottawa, the minister stated that Canada should come "awfully close" to balancing its tourism budget this year, after two years deficit.

My question is this: does the minister expect that there will be a surplus in the tourism account for the last quarter of this year of at least \$1,300 million, so we will be "awfully close" to balancing our tourism budget; or does he agree with me that his predictions should be extinct, just like the great auk and the Newfie Bullet?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I do not know whether the Newfie Bullet should or should not be extinct, but I like to think it could provide a tourist attraction if more members of the hon. member's former government supported it.

With regard to the tourist deficit, if one looked at the figures for the past three years one would see that the growth in that deficit has definitely declined.

Some hon. Members: Oh, oh!