

Oral Questions

Union by a Canadian parliamentary delegation led by the Speakers of the House of Commons and the Senate.

I am particularly pleased to welcome the delegation because, together with my colleagues on the House of Commons Standing Committee on External Affairs and International Trade, I visited Moscow, Leningrad and Kiev a month ago. During the course of that visit, the committee was treated with the greatest warmth and hospitality. Moreover, we found that our often probing questions and critical comments were responded to with openness and candour.

I think I can speak for all my colleagues in the House of Commons when I say that we applaud the new era of *glasnost* and *perestroika* in the Soviet Union. Moreover, we recognize the obligation to undertake the new thinking about relations between our two countries, the future of east-west relations and our common responsibility for the fate of the planet. Again, a warm welcome to the House of Commons and to Canada.

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CORPORATE TAXATION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, we have a first for the corporate welfare bum of the week. A winner by acclamation. It is the privatized Route Canada, and its friends in the Conservative government. The Mulroney government sold the \$100 million company for \$29 million in 1986.

Route Canada was sold to Manfred Ruhland, the Road Warrior, and Dave and Paul Fingold, capitalists without capital. The cabinet knew that Mr. Ruhland was such a credit risk that he could not even get a credit card. The buyers of Route Canada never put up a penny of their own money. They just took out a mortgage on the land owned by the company. Soon after buying the company without spending a penny, Mr. Ruhland went on a spending spree, using Route Canada money to send his family to Austria and his mother's dogs to Italy.

The company went bankrupt 20 months after the sale. For throwing 1,900 people out of work, Route Canada is the corporate welfare bum of the week, with credit going to the federal cabinet.

ORAL QUESTION PERIOD

[English]

THE ECONOMY

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance.

It was reported today in *The Globe and Mail*, "Report on Business" by Ken Romain that, "shackled by high interest rates which are biting deep, car sales by the North American manufacturers fell by 22 per cent" in the month of May, compared to a year ago. This is the fourth straight month that auto sales have declined.

Why will the Minister not recognize that the automotive industry, a key sector of our economy, is being seriously damaged by this government's economic policies? When will the minister bring in policies that will reverse this decline, rather than encourage it and make it worse?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the hon. member would do the country a greater service if he would point at what the true causes of the interest rate policy that we have been following are. That is the underlying cost pressure in the economy, as set out yesterday in a study from Wood Gundy, which is very consistent with the message that I have been making to the House through committees and speeches across the country. We must get our underlying cost structure under control.

I remind the hon. member that in 1989, our unit labour cost, which is the broadest measure of our competitive position, increased by 4.9 per cent at the beginning of the year and by 6.9 per cent at the end of the year. Throughout 1989, the American unit labour cost increase was 4.9 per cent and it was a good deal less in Japan and Germany.

These are the things we are faced with. We must get these competitive cost structures under control in order to save jobs in the country.

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, this same Wood Gundy report pointed out that the government's high dollar policy is one of the key