

ment realizes its role in offering the individual Canadian the opportunity to fully realize his or her potential.

On the hon. member's second question, of course the answer has to be no. We have seen no real commitment on the part of this government to bring down the debt and the debt servicing charges, that is to say the deficit, during its years in office. It made a show of doing so in its first years in office, but it got cold feet as a result of pursuing the wrong policies in debt reduction. It then gave up the fight.

To make matters worse, in the election of 1988, in promising the earth, the sky, the moon and the sun to all Canadians, it promised that a decreased level of government spending would bring prosperity. What in fact the government did, despite the denials of the finance minister of the time, was to drive up government spending further. As the hon. member points out, we are now in a situation where the debt is approaching \$400 billion.

There is no real commitment in the Speech from the Throne and indeed from the government generally to put its fiscal house in order. It is part of the general tone of this wholly inadequate Speech from the Throne that the government, while touching on the point, glosses completely over what it intends to do to make any real commitment to progress in that area.

Mr. Bob Speller (Haldimand—Norfolk): Mr. Speaker, I want to thank the hon. member for his comments. I am not sure if you are aware, Mr. Speaker, but the hon. member has taken it upon himself, along with my colleague from Winnipeg, to study our international trade situation.

The hon. member heard what the Speech from the Throne said about Canada's trading future, that we are going to tie our trading future to a trilateral deal. The hon. member has studied the Canada-U.S. Free Trade Agreement. I know he had a big role to play in the committee study of the Canada-Mexico-U.S. future trade deal. I know that he has done a lot of work in looking at hemispheric trade.

I am wondering if he could comment on the Speech from the Throne's proposition that Canada should limit itself by tying itself to a trilateral free trade deal. I am

wondering if he could comment on where he thinks Canada should go in this area.

Mr. MacLaren: Mr. Speaker, I thank my colleague for raising what is of course a fundamental question in this Speech from the Throne. The fact that this government has committed itself in trade policy to largely a continental direction is bad public policy. It was wrong in the free trade agreement and it is wrong in the negotiation of a free trade area with Mexico. Wrong in the sense that it is limiting, that it provides a barrier, as it were, to the full realization of Canada's role as a world trader.

What does the government say in its Speech from the Throne? It says that the free trade agreement has helped to secure the Canadian economy in difficult times. That would come as a surprise to most Canadians. I think they would be quite astonished to read that. In fact, most Canadians would think that the free trade agreement probably exacerbated, made worse, the difficult economic times to which the government refers.

• (1250)

The reason that the free trade agreement has made our recent economic circumstances worse is really three-fold. One is that the government has pursued monetary policies which have almost certainly rendered the free trade agreement of limited or no present benefit to Canada. The government has pursued a monetary policy of high interest rates which attract foreign currency and drive up the value of the Canadian dollar, rendering Canadian exports non-competitive. The Canadian manufacturing industry—steel, for example—has a very real problem in exporting when the Canadian dollar is at 85 or 87 cents.

The free trade agreement, whatever one's view of it, might or might not work to some benefit to Canadians with a 75 cent dollar. I cannot believe anyone thinks it is going to work effectively with an 87 cent dollar.

So, high interest rates and a high Canadian dollar have rendered the free trade agreement of little or no benefit to Canadians, if indeed it has any benefits for Canadians.

Third, of course, the government, as I mentioned, has not offered the adjustment programs which could help to make a reality of Canadian competitiveness in a world economy. We in Canada need to equip ourselves to trade with the world, not just with Mexico, not just with the