

*Government Orders*

Before I describe these measures, I want to note some very encouraging signs that are appearing that give us clear hope for a durable and sustained recovery.

Just this morning we were given by Statistics Canada the latest Canada merchandise trade figures for 1992 and, as my hon. Liberal colleague across the way just indicated, they are very impressive figures indeed.

Exports have reached a record high annual level of \$157.5 billion. This was an 11 per cent increase over 1991 and the largest year over year increase since 1984.

Our exports to the United States reached a record high level of \$122.3 billion, \$14.7 billion more than in 1991, and about \$20 billion more than in 1988, the year prior to the free trade agreement.

Canada's merchandise trade balance with the United States reached \$17.7 billion, the highest since 1985 and \$3.9 billion higher than 1988.

That clearly means that the policies we have been following are indeed working. The policies of restructuring, the policies of enhanced productivity, the policies of the GST which have made Canadian exporters, particularly manufacturers, more competitive, the policies of tax reform, the policies of expenditure restraint, the budgetary measures, the measures that we took in terms of improving the capital cost allowance for the manufacturing and processing sector, all of these things are starting to take hold.

What is more is that on February 16 we had the latest monthly survey of manufacturing statistics. Here again is some good news for my hon. friend from across the way. Shipments experienced a strong recovery in the second half of 1992, increasing at an annual rate of 17.2 per cent since July. This really means that some of the things that we incorporated in the budget of February 1992 are starting to take hold. The fundamental philosophy of this government is indeed working, preparing Canadians to take advantage of a globalized economy and to take advantage of the competitiveness out there and meeting that competitiveness.

It should come as no surprise to my friends across the way that employment too has improved. Employment has risen in eight of the last nine months with full-time employment up 35,000 in January, bringing the cumulative gain since August to 161,000. That is clear progress.

I know my hon. friends across the way do not like good news. They are the preachers and they are the advocates of gloom and doom. There is some good news. It is not a tribute to them, but it is a tribute to the Canadian people, to small business and to the entrepreneurs. They are taking advantage of the kinds of policies that they know are needed in order to improve their competitiveness and to compete in a global economy.

The government's efforts to bring down inflation have too borne fruit. The inflation rate for 1992 was 1.5 per cent, the lowest in 30 years. That has an impact upon prices. It has an impact upon unit cost. It has an impact upon interest rates, all in a very positive way. As a result, interest rates have come down significantly. Today's 6.75 per cent prime rate is 300 basis points lower than its November peak.

As I indicated, labour productivity has grown strongly at 2.6 per cent for the first three quarters of 1992.

With housing starts, and again responding to a number of the initiatives that we took with respect to the housing industry, the fact is that housing is now made more affordable thanks to low inflation, thanks to low interest rates and thanks to some initiatives that the government took in the February budget such as the RRSP proposal. Yes, it is something that my friends across the way did agree with.

**Mr. Milliken:** We suggested it.

**Mr. Mazankowski:** They did not suggest it. The home builders suggested it. Let us give credit where credit is due. The reduction in the level of the down payment from 10 per cent to 5 per cent, all of these things have had a very positive effect upon the housing industry. We have seen housing starts up by 7.7 per cent, according to Canada Mortgage and Housing Corporation, in 1992. There is optimism for a 5 per cent to 6 per cent increase in 1993.

Our gross domestic product is the over-all gauge of where we are going in terms of economic growth. We have had seven consecutive quarters of growth in Canada. Contrast that with the United Kingdom. It has had nine consecutive quarters of negative growth. Germany now has had two consecutive quarters of negative growth and it is expecting to have negative growth in 1993. Japan has had a quarter of negative growth.