deficit of $5 billion it is time the administration stopped aggravating the situation.

Second, in our motion today we deal with the administration's failure to ensure meaningful employment growth. This is especially so in the manufacturing field. On average there were 65,000 less jobs in goods-producing industries in 1975 than in 1974. This decline came about because of a massive 73,000 jobs lost in manufacturing industries over the same period. On a 1974 to December 1975 basis there were 99,000 fewer jobs in manufacturing. The 1,905,000 employed in manufacturing industries in December, 1975, means there has been lower employment than in any month since March, 1973, and the year average employment has not been lower than this level since 1972.

Industrial production in Canada is the third disappointment. Canada's performance in industrial production is significantly worse than in most other industrialized nations. In a comparitive table found at page 67 in the March 19 issue of the *Economist*, Canada is listed with a sad 6 per cent decline in production last year, the worst record of the ten industrialized nations shown. More than that, our record was even worse than the record of the beleaguered United Kingdom which had a 2.5 per cent decline, and much worse than the United States increase of 4 per cent and Germany's jump of 5 per cent in the same period.

Our fourth point is that investment has been weak over the past several years, reducing Canada's employment generation capabilities and productivity. Investment capital has been difficult to raise, in part because of federal government actions in the area of the capital gains tax and the federal cash requirement of over $11 billion between 1975 and 1976, but it is mainly due to the government's inaction in not giving direction and leadership to the country.

As a result of such indecision, investment as a per cent of the gross national expenditure is now lower than in 1966. This confusion in government was highlighted last night when officials from Dome Petroleum told us of their nine year delay in receiving approval to start drilling for oil in the Beaufort sea, an area they were encouraged to develop almost a decade ago. This case is unfortunately typical of government frustration of business. Can we be surprised if many businessmen choose to go elsewhere than remain in Canada? The government should streamline its decision-making process.

In the case of Dome Petroleum, in spite of the fact that over $150 million of invested funds is at stake, that company has been required to deal with three ministers of the environment, each one requiring himself an education as to what the project is all about.

I would suggest that the administration should also review the effectiveness of the capital gains tax which the government is not even willing to estimate so far as its revenue production is concerned. Dealing with that I think it is important to note that an unofficial estimate of the total revenue in the last full year with respect to the total capital gains tax was only $70 million. Think of the red tape and the frustration to which the business community is being subjected for that type of revenue, for $70 million.

I believe the government should also consider measures to encourage the private sector to raise capital domestically. Employee stock ownership plans may be part of the answer. The administration should review this approach, which is really a democratization of our capital ownership system. It could well be that our income tax system should be changed to facilitate the development of such plans.

● (1530)

The government must take steps to reduce its impact on our capital markets. Speaking on this subject, Andrew G. Kniewasser, president of the Investment Dealers' Association of Canada, said this month in Guelph, and I quote:

> Last year, savings were channelled through our capital market in the following ways—debt financing for governments $13.8 billion, debt financing for corporations $4.3 billion, preferred equity with call features $300 million, new permanent capital (equity) $700 million.
>
> In other words, of the $19.1 billion of savings flowing into the Canadian capital market last year, governments absorbed 72 per cent, leaving 28 per cent for the private sector. The pattern of financing is remarkably unbalanced in that debt financing accounted for 96 per cent leaving only 4 per cent available for permanent capital to launch new businesses or to strengthen the financial base of existing firms.

Obviously governments should take less, and less should be channelled off in the form of bonds and debentures. New incentives should be offered to equity financing and existing disincentives removed.

The impact of the federal invasion of our capital markets is reflected by the staggering interest cost now carried by all Canadians. In 1977 it is estimated that this cost will be $4.7 billion, or $202 for every man, woman and child. The cost has jumped in the past two years more than the entire interest cost on federal debt when the Prime Minister first assumed his post. At that time the cost was $1.3 billion, a $63 load for every Canadian. As we just stand still, the cost of debt for previous spending sprees at the federal level is now 50 per cent of the total federal budget 10 years ago.

But what is $4.7 billion? None of us really can comprehend such a sum. I am reminded of a story which I believe appeared in *Reader's Digest* in which a man with $1 million gave his wife the money and told her to spend $1,000 per day. He found her back on his doorstep in less than three years. It was then pointed out that, if he gave her $1 billion, she would not be back for almost 3,000 years.

Mr. McCleave: That's what he had in mind.

Mr. Stevens: The fifth point in our motion deals with the serious decline in our position in international markets. We are fundamentally lacking in price competition in the manufacturing sector. In 1968 our merchandise trade had a surplus of $1.2 billion. Last year we were $1.7 billion in deficit. Most alarmingly, our manufactured goods were $6.5 billion in deficit compared with $900 million in 1968. In 1975 it was mainly our primary products which helped minimize our manufacturing deficit.

Wage inflation has undoubtedly played a key role in the deterioration of our manufacturing export trade. Canadian earnings as a percentage of the United States were 79 per cent in 1968 when the present administration took power. The percentage rose to 95 per cent in 1973, and last year it went over the American level and now stands at 105 per cent, based on last year's figures.

With this background, as I have outlined, it is discouraging that the response of the government is one of justifica-