

**Mr. Chrétien:** Mr. Speaker, the taxpayers of Canada received a tax break of \$100 in the last two months. That was a very stimulative policy and cost the treasury more than \$700 million. I am amazed that the hon. member, who is always complaining that we are running too large a deficit, now suggests we should run an even larger deficit.

#### INVESTMENT IN CANADA

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, my question is to the Minister of Finance. In a speech made in Montreal two days ago, he said that the outlook for investment was improving and, with reference to the last quarter of 1977, that we were beginning this year "from a strong base of real growth." Figures released by Statistics Canada yesterday and on Friday not only put a different emphasis on this matter but flatly contradict what the minister said in his speech.

Considering that his department have had the correct figures from Statistics Canada for at least a week, as the Prime Minister indicated in the House, why is the minister deliberately misinforming the people of Canada about the real situation?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, I have not misled anybody. I checked the text of that speech carefully with my officials. I think the performance of the Canadian economy in the second half of 1977 was very strong compared with that of most other nations. I do not think a base of 4.3 per cent real growth is a weak base.

**Mr. Broadbent:** A supplementary question, Mr. Speaker. Figures produced by Statistics Canada show the net decline in investment in the last quarter running at an annual rate of 10.8 per cent. How can the minister possibly say that we are starting from a strong base of real growth when there is this decline in investment? When is the minister going to start speaking frankly, because the people of Canada want to hear the truth? When will he stop misleading the people and bring in programs to clear up the situation?

**Mr. Chrétien:** Mr. Speaker, I said there is some strength that I have seen in the economy. For example, in the last quarter there was a strong increase in the surplus of exports from the Canadian economy, but the demand at home was too weak. Through the measures we introduced last fall, we have given private citizens more than \$2 billion in stimulus for 1978, including the \$100 they received in January and February. In December, we passed measures, which came before the House last spring, to stimulate the corporate sector. All those elements led me to say—and I still believe it—that we will have a real growth of 5 per cent in 1978.

**Mr. Broadbent:** A final supplementary question, Mr. Speaker. Of course, the minister did not answer the question I asked, but in his answer he acknowledged that domestic demand was not as great as he had hoped. In other words, the mini-budget of last fall and the budget of last spring failed. Domestic demand is not there to stimulate the manufacturing sector,

#### Oral Questions

which is operating at only 80 per cent capacity. Can the minister assure the House now that he will take corrective action before Easter, and announce tax cuts, instead of saving such matters for an election campaign after Easter?

● (1427)

**Mr. Chrétien:** Mr. Speaker, the most fundamental problem we face is that people must have confidence in the economy. The doom and gloom approach—

**Mr. Stevens:** How can we, with you?

**Mr. Chrétien:** The approach the opposition has is not helpful. On top of that, the tax cut which I proposed came into effect January 1, 1978, and the hon. member refers to statistics that are previous to that date.

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[Translation]

#### TRADE

##### TEXTILES—INQUIRY WHETHER GOVERNMENT RECEIVED INDUSTRY REPRESENTATIONS RESPECTING TARIFFS

**Mr. Adrien Lambert (Bellechasse):** Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the fact that the textile industry in Canada, and especially in the province of Quebec, is going through extremely rough times for lack of control over imports, could the minister tell the House if he has received from the Canadian Textile Institute representations urging Canada to object to lower tariffs in order to adequately protect the Canadian textile industry?

[English]

**Hon. Jack H. Horner (Minister of Industry, Trade and Commerce):** Mr. Speaker, I want to assure the House that the Quebec caucus is keeping me up to date on events in the textile industry. In answer to the hon. member's question, I would like to inform him and the House that textile imports for 1977 were 1 per cent less than those in 1975. It is encouraging to note that in the recent report of Statistics Canada to the nation, investments were up considerably in the textile industry as at the beginning of this year.

[Translation]

**Mr. Lambert (Bellechasse):** Mr. Speaker, I wish to thank the minister for informing us that the Quebec Liberal caucus is looking into this matter. But if that is the case, the last part of his answer is not quite factual. If the caucus is looking into the matter, it is because something is wrong. I would like to ask the minister seriously if he intends to recommend that Canada agree to lower its tariffs according to the Swiss formula, which would have a disastrous effect on our industry? Can he assure our industries that there will be no tariff reduction?