Oral Questions

Hon. Jean Chrétien (Leader of the Opposition): Mr. Speaker, I do not deny that interest rates are going down, but there is still a spread of almost four points between United States interest rates and Canadian interest rates. It causes our dollar to be too high to make our product competitive in the United States.

In the throne speech, the government talks about 2.5 million jobs being created by the year 2000, nine years from now. Does the Prime Minister not realize that from 1970 to 1979, with a much smaller economy, there were more jobs created than this 2.5 million over the next nine years? Why is the Prime Minister not willing to do something today or not able to do what is needed to make the Canadian economy more competitive so that we will have jobs. We need a lower dollar and more competitive interest rates if we want to be able to compete.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend is quite right. Indeed, in six years, from 1984 to last year, there were 1.6 million new jobs created, which was the largest per capita job creation in the entire industrialized world, with the exception of Japan. That was quite a remarkable record.

We think the targets we have set, 2.5 million new jobs and an increase in real individual wealth of 25 per cent, are achievable goals. Perhaps the nation, with increased productivity, by paying down our deficit, lessening our debt load, bringing about a greater degree of unity, can do better. That is why unity is so interrelated with prosperity.

I agree with some of the points made by my hon. friend in his speech this morning. That is why we have to work together to ensure that Canada enjoys both unity and prosperity.

Hon. Jean Chrétien (Leader of the Opposition): Mr. Speaker, the point I am making is that the Prime Minister does not care at all about the problems of the unemployed today. He is following exactly the same policies that created the made-in-Canada recession. I say to the Prime Minister that it would be easier to have unity in this country if we had a better economy, and he should start to work on that right away. In order to achieve it, he has to reduce the value of the Canadian dollar, like most people in the industrial sector are asking the government to do. In order to achieve it, the government could make the Canadian interest rate more competitive so that we can compete and create jobs.

• (1420)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend says that we have to reduce the value of the Canadian dollar as a top priority. That is quite wrong. We have to reduce interest rates as a top priority, and we have to reduce interest rates while keeping inflation down.

The last thing that this country wants or needs is a repeat performance of that brought about by a government of which he was a member where inflation went to the roof, where unemployment went to the roof and where expenses were completely out of hand.

We want to bring about sustained economic growth in a non-inflationary climate, and that is exactly what this government is in the process of doing.

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TRADE

Ms. Sheila Copps (Hamilton East): Mr. Speaker, one of the wildest claims in yesterday's throne speech was the absurd statement that the Canada-U.S. trade agreement has helped secure the Canadian economy.

This is patently false. Steel workers, hog farmers, forestry workers all know that the government promise of access to American markets is a fraud. The Canadian economic battlefield is littered with the corpses of the first trade agreement.

With 1.5 million unemployed Canadians, with 360,000 jobs lost since the trade deal was signed, why is the government plunging blindly ahead into a second deal with another country?

Hon. Michael Wilson (Minister of Industry, Science and Technology and Minister for International Trade): Mr. Speaker, I would like to draw my friend's attention to the fact that since 1988 we have seen our trade surplus grow from $14 billion with the United States to $17 billion. We have seen exports grow by 7 per cent in the face of a recession. We have also seen a significant shift in the inward flow of investment. Net direct investment in Canada has changed from a net outflow in 1988 to a net inflow, I believe, of the order of $5 billion. In those broad numbers there are some very significant improve-