

Canadian Trade Policy

spending is up about 15 per cent in personal expenditures in the first half of 1976 over last year. There has been a large gain in residential building. Admittedly, business investment has been somewhat sluggish, and I suggest, again, that this is to be expected during a period of controls. We cannot have it both ways. There is a temporary setback in the area of business investment which, I suggest, will be overcome once the inflation bug has been brought within reasonable grounds.

Merchandise trade provided a welcome boost to the economy, with our merchandise exports up substantially in value over last year. At the same time, our import rise was much smaller. There has been a moderate improvement in employment, due largely to the gradual business recovery that we have experienced; and I think we should understand that in these times of wage and price controls, increases in employment will not be massive. In other words, that again is somewhat of a penalty we have to pay during this period of keeping prices in line. Our unemployment figure is still too high. I think we would all agree with that. I believe it is currently at about 7.8 per cent, yet a small notch lower than the current rate in the U.S.A. Compared with the U.S.A. we continue to stand up well.

● (1730)

With regard to prices, there has been a significant lessening in the rate of inflation. As indicated a moment ago, consumer prices have gone up only 6.5 per cent from a year ago against a target, I might say, which the government set of 8 per cent. Also as mentioned earlier, in each of 1974 and 1975 the annual rate of increase in the consumer price index was in the area of 11 per cent. There has been a levelling out of food prices. There is sometimes a tendency to say that this factor has nothing to do with the anti-inflation measures, but we have to remember—and I think the Prime Minister made reference to this in the throne speech debate—that some 60 per cent of the cost of food we buy is incurred after the food leaves the farm gate. So indeed there is a large element of labour involved, and that is a major factor which is controlled by our anti-inflation policies.

In the third quarter collective bargaining agreements reflected average annual increases of 9.7 per cent, and I might say that this is the lowest quarterly rate since 1972. The increases in industry selling prices have also tended to moderate. The industry selling price index shows a rise of about 4.5 per cent in September compared with a year earlier. The Anti-Inflation Board targets of increases of 8 per cent for this year and 6 per cent for 1977 now seem reasonably likely to be realized, and this again indicates the kind of leadership this government is showing.

In the areas of trade and balance of payments in 1976 Canada's export performance has been encouraging to date. Our merchandise exports were up some 15 per cent on a customs valuation basis, and most of the improvement has been in volume items, as prices have not gone up very much this year. As against this, imports were up by only some 8 per cent.

We still have a serious problem in our current account deficit and in our balance of payments situation. Last year we recorded a balance of payments deficit of some \$5 billion, and that figure is going to be high again this year. There are many factors involved in this, not the least of which is our inability to continue exporting our natural resources, which at one time were bringing in very substantial amounts of money. We know the double feature which has come into this: our own recognition of fewer resources being available than we had earlier anticipated, and also the extreme increase in prices imposed by OPEC.

There is no question that further efforts must be made in the area of Canadian exports, and I suggest that in his address this afternoon the minister gave some very positive indications of what he is doing in this area. He talked of agreements which are currently being signed, about trips he is taking to the Middle East and elsewhere, and I suggest that this minister and this government are very conscious of the need to promote export industries in this country.

Many of our government programs are geared to assisting those in the export business. More exports mean more jobs, and that is extremely important. We have to continue to show some improvement if our country's dependence on foreign capital inflows to finance a large current account deficit is to be lessened. As long as we have these substantial balance of payments deficits the only way they can be offset is to bring more capital into the country. That is not a very desirable situation, and I suggest that over the next few years it will probably become our key problem on the economic front.

On the matter of consultation I would like to refer to reports which have recently come forward indicating that not only have the Minister of Industry, Trade and Commerce and his predecessors met with industry leaders, and not only has the minister reviewed 200 applications or submissions and interviewed 70 groups of business leaders, but the Prime Minister himself is sitting down with industry leaders in this country. He himself is becoming involved in this process, and he is listening to the concerns they are expressing. Any suggestion that the government does not consult, or moves without consultation, has to be backed up with better evidence than we have heard this afternoon.

Some hon. Members: Oh, oh!

Mr. McKenzie: You guys have been in power since 1968.

Mr. Martin: I hear comments from across the way about 1968. The party opposite wants to live in 1968; on this side we do not. This is 1976, and we are concerned about the problems of 1976, not those of 1968 or 1698.

Mr. McKenzie: Oh, oh!

Mr. Martin: Mumble, mumble, mumble; that is all we can get out of them.

Mr. Goodale: How come they keep losing elections?

Mr. Whiteway: Call one now. We'll see.