

Mr. Rae: It is just amazing. Talk about compassion! I would like to address a supplementary to the Prime Minister. The growth rate in Japan in 1980 is predicted to be nearly 10 per cent, and the growth rate in Canada is going to be minus three-quarters per cent for 1980, according to the OECD.

Japan's budgetary deficit is substantially larger than Canada's, on an over-all basis, but the fact is this is the case because it invests in industries in order to carry out some of the objectives that are stated in the OECD report. I should like to ask the Prime Minister whether it is his intention to introduce a budget which will provide for productive investment in energy, housing, capital works and skilled trades which, while it may temporarily increase the deficit, will have the effect of stimulating growth and providing employment for Canadians.

● (1125)

Mr. Trudeau: Madam Speaker, we have heard about the effects of stimulative deficits. The hon. member knows that we already have a very large deficit in the accounts of this country. If he is arguing that we should increase the size of that deficit, I would just advise him that the Minister of Finance is preparing a budget for some time next fall and he will have the answer then.

Mr. Rae: A final supplementary. Yesterday, the minister responsible for housing stated that the government was considering cutting the community services program which is involved in providing funds for basic infrastructure and other community services in towns and cities across the country. What is the logic of that kind of restraint, when the only effect it can have is to increase unemployment and reduce the ability of our municipalities to provide services for our citizens?

Mr. Trudeau: All forms of restraint are difficult for somebody. Yesterday, in an answer on this subject, I said the government was putting its restraint measures into effect but would not do so on the backs of the unemployed. The hon. member is coming forward with an argument in defence of the municipalities, which are within provincial jurisdiction.

It is certain we have been transferring large sums of money to the provinces and municipalities for various schemes. They are in a much better financial position than the federal government is, and if we are to exercise restraint it has to be in part at the expense of our large transfers to provincial jurisdictions.

DETERIORATION IN CURRENT ACCOUNTS BALANCE—REASON THEREFOR

Mr. John Thomson (Calgary South): Madam Speaker, in the absence of the Minister of Industry, Trade and Commerce I should like to address my question to the acting minister. The OECD reports that Canada will be the only country of the seven major industrial nations to show a deterioration in its current accounts balance in the coming year. Canada's current accounts deficit is expected to be \$7.4 billion during that period.

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This is based on a forecast that our merchandise trade surplus, which is running at an annual rate of \$5.3 billion for the first six months of this year, will drop to only \$2.5 billion for the next 12 months.

Does the government agree with this abysmal forecast? To what does the minister attribute this drastic reduction forecast in our merchandise trade surplus, and what urgent action does the government plan to redress this problem?

[Translation]

Hon. Charles Lapointe (Minister of State, Small Businesses): Madam Speaker, it is hard for anybody who is not a fortune teller to agree or not with forecasts, whatever their source may be. As far as the economic problems now experienced by the western world are concerned, the government is now developing an industrial strategy which we hope will ensure a better economic future for our country.

[English]

Mr. Thomson: Would the acting minister accept the proposition by OECD, that member countries should continue tight fiscal and monetary policies to contain the inflationary impact of the oil shock, and that what is needed is a combination of policies aimed at reducing underlying inflation and enhancing productive potential?

[Translation]

Mr. Lapointe (Charlevoix): Madam Speaker, I think the hon. member wants to elicit from me the basic principles of the Minister of Finance's next budget, and it is not my job to give such information.

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[English]

FOREST FIRES

FEDERAL-PROVINCIAL CO-OPERATION IN UTILIZING FIREFIGHTING FACILITIES

Mr. Bruce Halliday (Oxford): Madam Speaker, my question is for the Minister of Environment, but in his absence I will address it to his parliamentary secretary or to the acting minister.

In view of the serious loss of trees due to recent fires, and since fresh outbreaks are being reported, has the hon. gentleman consulted with his provincial counterparts with a view to co-operating with them in trying to reduce the loss of this valuable resource? Is he aware that a fleet of 12 to 14 Canadian-owned planes which are well equipped for fighting fires has been grossly underutilized?

● (1130)

[Translation]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, in the absence of the minister, I will take