to $2.093 billion in 1976. It has already received $86 million in deferred income taxes, and banked an additional gift of $5 million, courtesy of the finance minister and his predecessor's so-called job creation policies. Shortly after the tax break was announced last March, Noranda laid off 500 workers. Now it is threatening to lay off another 1,700 employees in the Gaspé.

It is clear that the government's prescription is not curing unemployment. Tax concessions are only making a bad situation worse. The government has admitted its policies are not working. As my colleague and leader of my party has noted, last summer the Prime Minister (Mr. Trudeau) was reported to have muttered that the private sector "has not taken up the slack which was provided for it in the budget". Yet, the government does not move to expand the public sector. Instead, it doggedly intends to channel $1.2 billion into a program of tax concessions that have proven completely unproductive over the past several years.

The government seems to have great difficulty pinpointing the cause of Canada's economic malaise. Perhaps that is because it has insisted on looking beyond its own doorstep, and beyond that of the multinationals like INCO, ALCAN, Noranda and Northern Telecom. Casting about for a scapegoat, it has settled on the Canadian worker. The Prime Minister has in all seriousness suggested that the problem with the Canadian economy is the lack of productivity of the Canadian people. He says that we are outpricing ourselves on world markets.

● (1742)

Two weeks ago in the House the Prime Minister quoted statistics designed to show that wage rates in Canada have outrun productivity, that Canada cannot compete with its main competitor, the United States. He said that Canadian workers are only 80 per cent as productive as their American counterparts in manufacturing. He also said the Canadian wage rate is 7 per cent higher than the American wage rate.

Don McGillivray pointed out in an article in the *Financial Times* that those statistics are seriously out of date. Statistics issued by the United States and Canadian governments in 1976 make it possible to calculate that output per employee in Canada last year was 87 per cent of the United States output, a figure which is significantly higher than the Prime Minister's 80 per cent. These figures were available to the Prime Minister, but in his eagerness to indict the Canadian workers, it would appear he has overlooked them.

On the question of wage rates the gap is even less apparent than the Prime Minister would have us believe. In May of this year the average American worker was earning $5.57 an hour in U.S. funds. The average Canadian hourly wage was $6.42 in Canadian funds. While workers are paid in Canadian dollars, exports are sold to the U.S. for U.S. dollars. So, to make a fair comparison of U.S. and Canadian wage rates, the decline in the value of the Canadian dollar must be taken into account. In comparing the Canadian wage to the U.S. dollar, the Canadian wage is reduced to $5.78 an hour. That makes the wage rate gap 3.8 per cent, and not the 7 per cent quoted by our very academic Prime Minister.

Wage rates alone are not completely indicative of an employee's cost to a manufacturer. The cost of compensation, including fringe benefits, must also be considered. In 1976 the National City Bank of New York calculated that compensation per employee costs manufacturers $7.91 an hour in the United States and $7.05 in Canada. Both of those figures are in United States funds. That puts the Canadian worker 12.2 per cent behind in compensation. When we consider the 12 per cent drop in the Canadian dollar since that time, we discover that Canadian workers are costing their employers 25 per cent less than American workers. As the McGillivray article points out, this is more than enough to counterbalance the fact that the average Canadian worker is producing about 13 per cent less than his American counterpart.

The Prime Minister made a lot of noise about the fact that we are outpricing raises and demanding higher wages, and, because wages are going up, we are not able to be competitive in foreign markets. I think the article and the statistics I have referred to will set the record straight. The Prime Minister could have used those up-to-date figures, but obviously he chose for political purposes not to use them.

The government can no longer hide behind the excuse that wage rates and low productivity are responsible for the Canadian failure to sell competitively in the United States. It must accept the failure of its economic policies, and particularly the failure of tax concessions to stimulate the economy and provide jobs.

In my home riding of Brant we have an 11 per cent unemployment rate. Last month Abex Inc. closed and Spalding announced its intention to do the same. As a result, over 500 of my constituents are now looking for jobs. I would suggest, as the New Democratic Party suggests, that the government use the $1.2 billion it presently intends to throw away on corporate tax concessions to provide jobs for these men and women. A direct job creation program could provide work and wages for thousands of the unemployed across this country.

It would be more useful if a portion of the $1.2 billion the government has earmarked for corporate coffers could be directed to socially useful capital works projects. Admittedly, such projects provide only temporary work and are not the answer to our long term needs for job creation, but with over 800,000 Canadians officially unemployed, and more than a million actually out of work, our situation is critical. Some form of positive action must be taken immediately. Job creation programs could put money in the hands of those who need it and, just as important, in the hands of those who will spend it and not save it.

Increased consumer spending is one of the keys to putting the country's economy back on its feet. The Minister of Finance recognized this in his mini-budget when he provided the average Canadian taxpayer with a $100 tax cut for 1978. But surely the Minister of Finance cannot believe that an increase in consumer purchasing power, which amounts to