

*Government Orders*

rampant. People are hurting out there. We have not created those jobs.

Madam Speaker, this is a Mickey Mouse government with a Mickey Mouse policy.

[*Translation*]

**Mr. Marcel R. Tremblay (Parliamentary Secretary to Minister of State (Fitness and Amateur Sport) and Minister of State (Youth) and Deputy Leader of the Government in the House of Commons):** Madam Speaker, I appreciate the opportunity to participate in this important debate on the Canadian economy and the future course of our economic policy.

We are looking at investing in economic policies designed to increase and permanently establish prosperity for all Canadians. To achieve this our government suggests that we should improve our productivity if we are to compete on the global market which is becoming increasingly competitive at the turn of the century and beyond.

One of our main priorities is to encourage increased productivity in Canada. This is absolutely necessary if we are to meet the challenge of an increasingly competitive global economy.

This increased productivity will provide a broader scope of options for all Canadians. It will improve our standard of living by making real wages higher and allowing us to buy more goods and services, while having more time at our disposal for leisure and hobbies.

In other words, by working smarter and more efficiently, we will raise our standard of living and our quality of life across the country.

Unfortunately, Canada's productivity performance has deteriorated since the late 1970s. Many people believe our productivity has gone down because of rising inflation, uncertainty about public policy and government intervention in the economy. Whatever the reason, the fact is that the slowing down of total factor productivity since the 1970s is reflected in weaker growth of labour productivity and real wages.

This drop in productivity growth must be reversed. To achieve this, we must invest more in technologies, physical capital and human resources. However, this will only occur if the economic environment is favourable to productivity-enhancing investment. This requires ma-

croeconomic stability as reflected in low inflation, fiscal prudence and appropriate fiscal policies that expand the opportunities for people to work, invest and innovate.

Madam Speaker, this is exactly the kind of economic climate our government has tried to put in place since it came to power. However, changes of the kind we had to bring about cannot be achieved overnight. The world recession has also postponed many of the positive spinoffs that would now be felt if the world economy were in better shape. However, the International Monetary Fund and the Organization for Economic Co-operation and Development are of the opinion that next year Canada will experience the strongest rate of economic growth of any industrialized country. I think that the best way the government can help improve productivity in this country is to stay the course.

For instance we must continue to cut public spending. We have legislated annual spending ceilings through the Spending Control Act. We must also continue to privatize Crown corporations, restructure federal activities and keep public service wage settlements in line. The economic and financial statement presented by the Minister of Finance reinforces the government's commitment to spending restrictions. Thanks to the measures announced by the minister, spending will be cut by nearly \$8 billion over the next two fiscal years.

Spending cutbacks allow us to pursue our efforts to reduce borrowing requirements, and, together with a sound monetary policy, have made it possible to keep inflation and interest rates at levels that support instead of undermining productive investment. In fact, I am proud to say that Canada had the lowest rate of inflation, an average of 1.5 per cent over the first ten months of 1992, of all G-7 countries.

Low inflation protects people's purchasing power and reduces capital costs for business. It also leads to lower interest rates. In spite of recent increases, the lower interest rates since 1990 have helped stimulate productive investments and made Canadian goods and services more affordable on both the domestic and the foreign market.

The government must also continue to invest in structural policies that will help productive investments recover. For example, we must realize that we need a skilled labour force to increase our international com-