

Government Orders

In spite of six years of economic growth which the Minister of Finance himself has called extraordinary, and in spite of 33 separate tax increases to which I have made reference, the accumulated public debt has more than doubled from \$166 billion in 1984 to \$351 billion in March 1990, and is expected to climb to \$389 billion this year. In six years this government has more than doubled the national debt and is well on its way to tripling it. Yet the Minister of Finance back in 1984 thought that this whole matter was so simple that all he had to do was to gain power, get the finance portfolio, cut government expenditures, and the deficit would go away.

That did not happen. Canadians should not bother to listen to what this Minister of Finance has to say about the deficit and the public debt because he has no credibility left on this issue or on any other. The made-in-Canada recession, the Conservative government's first ever made-in-Canada recession, has reduced domestic demand and created an extra burden for our producers here at home.

The Conservative government's monetary policy has caused the dollar to increase from a low of about 69 cents U.S. in February 1986 by 26 per cent to its present level of nearly 87 cents U.S. The Canadian Exporters Association has reported that each cent increase in the exchange rate costs Canada \$1.3 billion in lost export sales. That is certainly beginning to tell on the jobs and the unemployment figures across this country.

High interest rates have been used to prop up the Canadian dollar. Although Canadian interest rates have dropped dramatically from a high of over 14.05 per cent on May 24 of last year, they are still about four percentage points higher than the United States rates. This has made the cost of borrowing to modernize or expand prohibitive.

For those in the forest industry, it has had another effect. That famous memorandum of understanding was signed by the present government a few years back on the eve of the signing of the free trade agreement with the United States, whereby Canadian softwood lumber producers were charged a 15 per cent export tax to sell their lumber into the United States. They called it free trade.

Our Canadian manufacturers have had to find other markets and some have gone to Europe. In so doing, after they have sold their product and shipped it, they found that they had to wait for a long time—90 days and even over 100 days in some cases—for their money. As a result, they have to borrow money in order to keep their business floating. They borrow at high interest rates, and this adds to their costs of operation in addition to the 15 per cent that blocked them out of the United States markets. These people are having a very difficult time.

Then there is the old story, all the promises and all the rhetoric about research and development. In spite of Conservative government commitments to raise the level of research and development to 2.5 per cent of the GDP, spending on research and development has declined steadily over the six years of the present government's management, from 1.43 per cent in 1986 to a measly 1.28 per cent of GDP in 1989. The Conservative government has cut funding to the National Research Council by over 20 per cent since 1984-85. Certainly other scientific ventures in this country have been attacked as well.

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At a time when the government brags about cutting back and being thrifty, the Fraser Institute, a private non-profit research organization, which monitors government spending and taxation trends, stated in a release on February 18 that "government spending is at an all-time high". The report goes on to say that "spending on defence, police and fire protection across the country are receiving a declining share of the financial pie".

It is very interesting to note that spending on defence, police and fire protection amounts to \$835 per capita and has not kept pace with other categories of spending. In fact these functions now get a smaller fraction of total government budgets than they did in 1970.

Cuts in transfer payments to the provinces have meant that provincial funds have had to be redirected in order to make up the shortfall at the provincial level.

Last fall unemployment insurance certainly became a great issue in my area as it did in many others. The bill which was stalled in the Senate for a long time and which was supposed to be such a great boost to all Canadians came into force. In that bill there was a clause that emphasized the benefits to Canadians who are working for relatives, called the arm's length clause. Certainly we can use eastern Ontario as a good example because we have family owned businesses all over the place. When a