

Adjournment Debate

The minister said that the Matane mill, which is modern and well equipped, should survive the recession. But not so. A few weeks ago we read in *La Presse* that the net consolidated sales of Donohue were \$19.4 million lower than the year before.

I will conclude by repeating my question: Does the minister know what his government intends to do to help out, to salvage our Canadian paper industry, and to counteract this considerable decline in our export sales?

[English]

Mr. Bill Kempling (Parliamentary Secretary to President of the Treasury Board and Minister of State (Finance)): Madam Speaker, the question posed to the minister regarding the value of the Canadian dollar has been in front of the House for many days. Unfortunately some of the industries involved in exports seem to think that lowering the Canadian dollar will solve all their export problems. If we do that we will create a lot of import problems and we could create further problems for the debt we have at the present time, much of which is offshore.

There are great pressures on the Canadian dollar. The Bank of Canada can balance some of them in the short term. However, in the long term you cannot do anything more than allow the free market to work. That is what is happening today. Today, the Canadian dollar is at about 88 cents, down a little bit.

Look at the pressures on the dollar. Municipalities across the country, large municipalities, borrow offshore. Provinces borrow offshore. Large corporations which say that our bank rates are too high issue treasury bills on their own or borrow money offshore. That places pressure on the Canadian dollar. For years the Government of Canada encouraged provinces and municipalities to borrow offshore rather than place extra demands on the very limited investment capital in this country that results from our small population.

We feel that the dollar is going to come down. However I have to say quite honestly that if I were running a business today, which I am not, I would not base the success of my business on the level of the Canadian dollar. That is not a good way to do business. In the short run we could perhaps cause an order here or there. However, in the longer run we are better to work

to keep inflation down, keep interest rates down and improve productivity in this country. That is a much better way to go about it than to impose a fixed rate of exchange on the Canadian dollar, for example.

The hon. member is a certified general accountant, or at least I believe he is. He knows the financial situation quite well and is very familiar with it. I can understand him wishing to speak on behalf of his constituents in the paper industry. The paper industry is under a lot of difficulty today and we can see some bright spots down the lane for it. However, we do not think that the solution is to fix the Canadian dollar at a lower rate.

EDUCATION

Mr. Mac Harb (Ottawa Centre): Madam Speaker, on October 11, 1991 I asked the Secretary of State a question about Canada's educational situation concerning government funding. At the time the minister said that on a per capita basis we spend as much or more than any other country. Then the House leader stepped in and said that as a percentage of Gross Domestic Product Canada is second only to Sweden. The Secretary of State replied by saying: "absolutely".

The fact that he mentioned we were second to Sweden triggered a need for a little research in my mind. I have the report published this year by the National Science and Engineering Research Council of Canada. In it there is a graph comparing Canada to seven countries around the world. The report starts by stating that: "International comparisons show that Canada's spending", on research and development only, "is one of the lowest of major industrialized countries". In fact, it does compare spending as a percentage of Gross Domestic Product. It goes as follows: Sweden, 2.93 per cent; United States, 2.83 per cent; Japan, 2.78 per cent; Germany, 2.71 per cent; United Kingdom, 2.42 per cent; France, 2.33 per cent; and Canada, 1.38 per cent.

As you can see, Madam Speaker, statistics which were published and accepted by the Government of Canada show that Canada is nowhere to be seen when it comes to spending on educational elements such as research and development.

The government's record of last year alone shows there has been a cut of \$485 million for education in its latest budget. The contributions to training have