

Economic Conditions

child tax credit, unemployment insurance benefits, veterans' allowances and Canada Pension Plan benefits. All of these are indexed in some way to the cost of living. Together these programs have provided approximately \$3 billion of extra protection from inflation in 1980 alone. The Canada Assistance Plan is also indirectly indexed.

Social measures are usually generously supported by Canadians when times are good, but in times of economic hardship, we tend to hear more criticism of these measures, such as we have heard tonight and we hear more adulation of the private sector. Perhaps the main answer to that is to build a larger pie. The sharing of our resources and giving help to those who need it most, whether by way of medicare, subsidized pension plans, or whatever, is generously supported when times are good. We all agree with this kind of redistribution of income, but we would support it more enthusiastically if there were more income to redistribute. This is why I think the measures in the last budget which were aimed at building on the underlying strengths in the economy present a more useful approach to the problems than some of the criticisms we have heard this evening.

A key part of the budget strategy was the energy policy. At the present time, the Canadian taxpayer is subsidizing foreign oil brought into the country to the tune of almost \$4 billion a year. Quite clearly, the answer to that is to use every means in our power to increase the amount of oil—conventional, from oil wells, new oil from the frontiers, synthetic from the tar sands, heavy oil—and to move, as is planned in the energy program, to substitution away from oil to gas and to other forms of energy so that we can be independent of oil imports by 1990.

Although we do not have an agreement with Alberta and although there are a number of contentious issues in the energy policy, whatever the final framework set for domestic oil and gas may be, that oil and gas belong to Canada. Every dollar spent in the future on energy from Canadian sources rather than offshore sources is a dollar toward a healthy balance of payments. If we continue with the measures described in the budget, it is also another dollar to be recycled into further growth in the Canadian economy.

One hon. member earlier this evening spoke of capacity utilization and suggested it was at a very low figure. I think he put it too low. In spite of the recession, investment has increased since last September. We have less excess industrial capacity than one might have expected, especially in those sectors which are more export-oriented. That gives us a challenge to grow fast enough to meet future domestic and foreign demands. There will be an eventual upturn in foreign markets; we have a good base; we have many advantages. We are energy rich, we have a well educated and competent labour force. We have a labour structure which has been acting very responsibly and constructively. Recently we have seen requests only for wage increases that reflect gains in productivity to a large extent.

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There is, of course, much to do by government as well as by all of us. There is clearly a seller's market for most key industrial resources today. It is important we use that as a level or bargaining tool with our trading partners to ensure increased processing and manufacturing of goods before they leave Canada. We are a trading nation. That gives us some vulnerability but also some strengths. It is important that we use those strengths, that we try for more upgrading of our exports and try to keep jobs in Canada more than we have done in the past. An energy agreement with Alberta, a national industrial policy, incentives for investment and industrial efficiency offer us hope for the future.

In this discussion members who are perhaps understandably concerned with the difficulties facing us have not mentioned some of the positive factors we have seen lately. When the results of the national accounts were released for the third quarter of 1980, real GNE grew by close to one half of one per cent in that third quarter, having declined in the two previous quarters.

Those figures indicate that the economy is performing somewhat better than was earlier estimated. The relatively strong trade performance in the Canadian economy, despite the recession in the United States and Europe, reflects a considerable improvement in the competitive position of Canadian industry since late 1976.

In conclusion, I repeat that the times are indeed difficult. However, it is an exaggeration to call our situation a crisis. At a time when we are anxious to encourage investor confidence, I am not sure it is acting in Canada's best interests to speak of crisis. We have some underlying strengths in the economy. Measures in the budget and in the national energy program will build on those strengths. Members have called for a new budget, but we have not yet had time to see the results of the recent budget.

It is time to put our assets to work for us. Not least among our assets is the traditional Canadian ability to conciliate to reason, to work co-operatively—an ability that has not been much in evidence recently. However, I am sure it is still a distinctively Canadian characteristic that will work for us.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I am sorry that we on this side are keeping you up so late. We know it is past your bedtime. However, you will have to bear with us because we have a lot of important things to say.

I rise to join in this debate which I feel is very important to the well-being of Canada. Let us just review what this government has been saying over the last few months: we do not like high interest rates, they are too high; inflation is far too high, the dollar is far too low, conditions would be a lot worse if we were not here. That is all the Canadian people will get from this government. We see the wringing of hands by the finance minister every day, concerned worried looks, but no action, only higher prices for fuel, food, transportation, loans, and on and on.