

Supply—Finance

that the people in the middle and lower income groups have been carrying too heavy a share of the cost of financing Canada federally, provincially and municipally. They have long suspected that there are those with their hands in the cookie jar, that a lot of people have received special concessions and special privileges about which the public did not know. But all of this has been laid on the table by the Carter report which has shown the inequities in our tax structure, which has demonstrated beyond any shadow of doubt that we have freeloaders who have been riding on the backs of the rest of the taxpayers. This government will have to do something about restructuring our tax system. They cannot very much longer evade this question.

The fifth thing we have suggested is that the government should be taking steps now to begin regaining control of the Canadian economy. Again I want to tell the government that one of the things they are not going to be able to bury is the Watkins report. This report says what we in this party have been saying and what the President of the Privy Council has been saying over the years, namely, that the increasing ownership and control of the Canadian economy by foreign investors is eroding our sovereignty and diminishing our independence. If ever we needed a demonstration of this, we have had it in the past few months.

Why is the minister facing a financial crisis at the moment? It is not because of the inability of the Canadian people to produce. It is not because of the failure of the Canadian farmer to grow plenty of food. The reason the minister is facing a financial crisis at the moment is that the United States, facing difficulties arising out of the Viet Nam war, is calling back the money of its subsidiaries in this and other countries. This is part of the price we pay for having two-thirds of some of the major segments of our economy owned and controlled outside this country. We have ceased to be masters in our own house. We have ceased to have the power to direct and control the Canadian economy. The direction of the economy has moved from the treasury benches to the board rooms of New York. It is not one moment too soon, and I suspect that if we wait much longer it will be too late, to begin to regain control of the Canadian economy.

We believe that the basic decisions affecting the welfare and the lives of the Canadian people should be made in Canada and ought

[Mr. Douglas.]

not to be made elsewhere. We are not suggesting a program of economic isolation. There is no reason why we should not have capital come from other countries in the form of loan capital or even equity capital where it is in a minority position. But the basic control, the decision-making power as to whether our economy shall expand, whether we shall have full employment and economic growth or contraction and unemployment, as we have at the present time, ought to reside in Canada in the hands of the Canadian people, and particularly in the hands of the elected representatives of the Canadian people.

● (3:50 p.m.)

I want to say in closing that all is not well in the economy, in spite of the minister's bland assurances yesterday. We face a very serious situation. We face a drastic slowing down in our economic growth. We face an alarming increase both in unemployment and in the cost of living. We are failing to keep pace with the requirements for housing, schools, hospitals, and other essential public services. Therefore the program which the government has announced of merely adding a few taxes and cutting down a few expenditures may please some people as being the solution for a few months, but I suggest to the minister that, unless he does something much more fundamental, 12 months from now he will be in exactly the same situation or worse. We believe that what we need in this country is a government which has the courage and the vision to intervene in the economy when the public interest requires it. If the government fails to intervene actively in the economy and to direct it, then the present state of the economy will grow worse rather than better.

Mr. Flemming: Mr. Chairman, when the minister reviewed the present state of the economy in Canada he was listened to by everyone with the proper amount of attention. However, last night when we heard over the radio the proposal with respect to additional taxation and a very minor reduction in expenditures, we were somewhat disappointed. I wish at this point to thank the minister for having made an extra copy of his speech available to me yesterday at my request. With his usual courtesy he gave it his special attention.

The minister referred to many factors which had brought about the present situation. He referred to the seriousness of the