

on the basis of having captive votes at the United Nations, which could be counted upon when they were required.

• (4:00 p.m.)

The decision of the President of the United States to go ahead with the Amchitka test despite the protests of the Canadian Parliament, the government of Japan and even the Governor of Alaska, to say nothing of the thousands of conservationists in the United States, has done nothing to improve American relations with the other countries of the world.

Mr. Speaker, I am not saying that there is an end to friendship because certain actions have been taken by the Americans which annoy us and which annoy other countries. One of the tests of friendship is that you can annoy one another, disagree with one another, patch it up and again be friends. This is what we have to do. What I do object to is that the government of Canada is blamed for the deteriorating relations between Canada and the United States, when I think the United States government must accept a major part of the blame.

Some hon. Members: Hear, hear!

Mr. Douglas: Heaven knows this government has enough sins on its conscience and has made enough blunders on its own without blaming them for the mistakes which the government of the United States has made.

Some hon. Members: Hear, hear!

Mr. Douglas: Mr. Speaker, where I do criticize this government is for its failure to respond adequately to the protectionist measures introduced by the President of the United States. Those measures were announced on August 15. On November 3, two and a half months later, we still do not know what provisions the United States government is laying down as a condition for removing the 10 per cent surcharge or any of the other protectionist measures that were invoked. The government keeps telling us that they do not know what the Americans want as a *quid pro quo*. The Minister of Industry, Trade and Commerce says they are waiting for a list of irritants. But everybody else seems to know, Mr. Speaker. The Secretary of the Treasury, John Connally, makes speeches in the United States and in London, wherever he goes, saying that the only way the surcharge will be removed is to get certain bilateral talks going with the various trading partners of the United States with a view to reversing the American unfavourable balance of payments. Mr. John Petty, Assistant Secretary of the Treasury, has been laying down what he considers to be the conditions for a removal of the surcharge.

One can probably disregard the conjectures that come from correspondents in Washington, but one cannot disregard the fact that Mr. Petty called a press conference to state on behalf of his Secretary, Mr. Connally, and the American government, that two of the conditions which must be met by Canada were, first, removal of the transitional safeguards in the Canada-U.S. auto pact and, second, an increase in the value of the Canadian dollar. Mr. Connally has gone further and said there are other matters which the Canadian government would have to deal with in order to help the United States balance its international payments.

Economic Relations with United States

The fact is that in recent months the world has entered a new phase in international trade. We are now playing in a different ball game. For the moment at least, the United States has retreated into a citadel of protectionism. Great Britain has just had a vote in the House of Commons approving entry into the European Economic Community. As one prominent business executive said the other day, Canada is in grave danger of being the "odd man out" in the international trade picture.

My quarrel with the government is not that they are responsible for deteriorating relationships between Canada and the United States; my quarrel with the government is that they have said nothing and done nothing to indicate what they propose to do in this very confused and difficult situation. Members of this party, through the leader of our party and through the hon. member for Waterloo (Mr. Saltsman) in the debate on the Employment Support Act which was before the House, outlined some of the economic measures that we thought the Canadian government should adopt. They referred to such things as monetary policy and lowering our interest rates which would have an effect on inflow of capital—thereby keeping our dollar from going beyond parity, the need for fiscal measures that would increase effective demand by lowering taxes on low income groups, the proposal that we should use our raw materials, and particularly our energy resources, as bargaining tools for getting access to American and other markets for our processed and manufactured goods.

We are not without weapons in this matter. We do not want to enter into a trade war and retaliation would be sheer nonsense for Canada. But we are not completely defenseless. The OECD has pointed out that Canadians consume more imported goods per capita than any country in the world—\$700 per Canadian as compared with \$185 in the United States and \$150 in Japan. We are a very good market. Despite the fact that we are only one-tenth the size of the United States, we are their best customer and a great market for their goods. We have established the lowest tariffs in Canadian history. We have co-operated in the matter of GATT and the Kennedy Round. Surely, we ought to know what the government is doing in respect of its negotiations with the United States. We are not told by officials or ministers whether any discussions are going on; all we are told is that we are waiting for this list of irritants.

Canada has entered a very difficult phase in her international trading relationships. We are either going to be integrated with the United States in some form of continentalism or we are going to try to establish some type of viable economic relationship with the European Economic Community or we are going to continue to build, if we can, multilateral trading relationships with as many countries as we can, looking particularly to those nations of the Pacific rim. But what is the government's policy? What is it seeking to do? How does it propose to offset the economic dangers and disadvantage that will derive from the protectionist measures taken by the United States? I want to plead with the government to come clean with the Canadian people and to stop taking this attitude, like Mr. Micawber, that if you sit still and do nothing something will turn up.