

Productivity and Trade

the money is in the short-term money market. Some large borrowers in the U.S. found that they could operate on short-term notes and get better rates from doing that than they could from the banks. Finally the banks had to react to it, and this is why they have gone down to a much lower interest rate than they had previously. This will have to happen here.

Some comments were made about the Common Market and about whether we believe it is a good thing or not. It is silly to say that it is not a good thing. Certainly it is a good thing and we want a good connection with the Common Market. But what we are concerned about is that the Common Market nations want from us our iron ore, uranium, pulp, and oil. They are not talking about our manufactured products. We are looking at a deficit in manufactured products of \$9 billion in trade. The minister is proud of his record. I say his record smells.

Some hon. Members: Hear, hear!

Mr. Kempling: What I want to see happen with the Common Market is for us to get our manufactured products going back and forth. There was a conference of the electronic industry in Brussels. Canada was only an observer at that conference, and yet we have an electronic industry here.

The task which the government has in front of it is to create an atmosphere in which business and the consumer have confidence. The consumer will take his money out of the bank and spend it only if he has confidence that inflation will be contained, that we can prosper, that we will not be looking at high interest rates and a high level of inflation. I talk to business people all the time and they tell me they are putting off their planned expansion because they do not know what the future will bring. I think that if we could put some taxation incentives in place they could be very meaningful in working along with the anti-inflation program.

I would like to see us say to industry, "You can earn a lower rate of taxation if you do certain things such as increase your productivity, stabilize your pricing, maintain or increase your employment, and stabilize your labour situation by having no strikes. Then you can earn so many points, which means you will pay less in taxation and you will have greater profits." But in order to do that we must modify the profit section of the anti-inflation legislation. We could say the same thing to labour, "If your industry is more productive, if you have no strikes and a stable labour situation, then you also can earn a taxation credit." They would respond to that. I think it should be considered very seriously.

In travelling around as I do I talk to business people all the time. I find that our attitude abroad is always to look for special deals. We want special protection for Canada's special status.

Mr. Deputy Speaker: Order, please. May I suggest to the House that since the hon. member has only an extra two or three minutes perhaps we could allow him to complete his remarks, and start after the dinner recess with a new speaker.

● (1800)

Mr. Kempling: We have to be a little more venturesome, but I do not follow the minister's reasoning when he talks about going into Third World countries, forming joint ventures and exporting back into Canada. That will do nothing for our unemployment problem. He says we will get a piece of the action that way, but I do not think that is the real solution. I become concerned when I read the OECD reports and the prospects they forecast for us. It just does not look very encouraging at all. I think this is the time we have to move. We have to be venturesome and aggressive, but in order to do that we must have some changes in our taxation, and some incentives to move people and to get business to become more aggressive.

I want to make one final remark. The minister made reference to his great efforts in South America. Let me point out that we have had a great deficit with South America as far back as one can go. We have never been in a surplus position or even at a break-even point with regard to any of our trade with South America. For the minister to stand up and cite South America is an insult to this House. He should really be ashamed of that effort.

Mr. Deputy Speaker: Order, please. It being six o'clock I do now leave the chair until eight o'clock tonight.

At 6.04 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Andy Hogan (Cape Breton-East Richmond): Madam Speaker, the Minister of Industry, Trade and Commerce (Mr. Jamieson) acknowledged in a recent statement about his trip to Hong Kong and Indonesia that as well as the auto pact it is the so-called invisible exports that are an essential problem, and the amounts of capital we need and are going to need will mean large increases in interest payments abroad for the use of that money, as well as the dividends that will be returned to the United States and other countries as a result of the trade imbalance.

The following figures suggest the present seriousness of the situation and the threat that is possible if this trend is not reversed in the latter part of the seventies by improvements in our merchandise accounts and/or a devaluation of our monetary unit. In 1970, the combined outlay for interest and dividends amounted to \$1,550 million. By 1974 it had gone to \$2,296 million. From 1971 to 1974 the total outflow rose by over 35.1 per cent. This is a very serious situation and, as the minister noted, it could be extremely serious for our country in the future.

On the occasion of the debate this evening I want to raise the question of Canada's trade with the underdeveloped world. The most recent figures that I have seen suggest that we are trading only about 11 per cent of our total goods, as exports, with these countries. Further, I think it is obvious to everyone in the House that, while aid is necessary to these countries, we should have long ago, and must not wait any longer, proceeded to improve our trade relations with them both as to our exports and also to