

*Income Tax Act*

op, through amendments to our present tax law, our own DISC, as some have been suggesting. The answer to DISC is not more DISCs developed in a spirit of retaliation. For a variety of reasons, most of which are obvious, these would be impractical.

It is important that we persist with our present strategy which is to seek changes in existing trade barriers around the world, changes in artificial exchange rates, and further strengthening of those institutions whose role it is to support international trade. The best long-term answer to America's present difficulties does not lie in instruments like DISC but in a more rational, open, and fair trading order. This will be to Canada's long-term advantage as well.

I want to turn away now from the question of what our response should be to threats to employment from outside the country to an examination of some of the moves we might make internally to ensure high levels of employment, adequate growth, industrial competitiveness, and a tolerable level of inflation. Back in February of this year I warned the House that the challenge to the Canadian economy was a global one. At the time I felt, and feel even more strongly today, that there is a need for consultation among leaders of the trade union movement, business and government, to formulate the broad lines of a national strategy.

In the past we have all gone more or less our separate ways, loosely harnessed by laws developed in parliament, with consultation taking place either in the heated atmosphere of the bargaining table or rather sporadically and inconclusively at ad hoc meetings.

I do not want to exaggerate the importance of a national strategy, or pretend that differences that exist between government priorities, business priorities and labour priorities can be simply and easily reconciled by some form of national body. In this business it is always a matter of degree, and to that extent I feel a more systematic and continuing format for national consultation among the three elements I have mentioned could provide a degree of improvement.

Today the Science Council has made a report available which argues strongly in favour of an industrial strategy. I have not read it, but I have seen the news report of it. In part let me say that I agree with the need for an industrial strategy, and agree strongly. If, however, the news report is correct I am somewhat disappointed that the council was unable to come up with any specific policy suggestions. I also feel that it is somewhat simplistic to argue that the state of attitude between government and business is a serious deterrent to the evolution of such a strategy.

On both sides there are very realistic and hard-headed people who are prepared to work together even where the climate is frigid. Leaving that aside, I still think it is important to look at some of the positive suggestions made in the report, and to ask ourselves how we can realize some of these important recommendations. One of the most important factual observations made by the council is that the manufacturing sector of our economy is not growing rapidly enough. It is not growing rapidly enough to meet our national needs and it certainly is not growing rapidly enough to absorb the skilled engineers,

scientists, technologists which are emerging from our schools, colleges, and universities. As I pointed out to the House a few days ago, we have the fastest growing labour force in the industrial world. It is imperative, therefore, that serious and urgent consideration be given to the depressing fact that our manufacturing sector is not moving fast enough.

• (4:00 p.m.)

The Council also recommends that priority be given to industries with a high degree of technology—industries with a capacity to innovate, to compete, and to survive in an increasingly competitive commercial world. I share this view. I think it is important to recognize that the Department of Industry, Trade and Commerce has in fact developed a variety of programs to support this sector of our economy. If these have inadequacies, I would have thought the council should have explored them in some detail.

The broad point though is that this country risks, in the short term, yielding to the temptation of living off its resources. Many of us have been concerned about this and have argued against it. The hon. member for Duvernay (Mr. Kierans) has made a most eloquent plea for a neutral tax system which would stop discriminating against the manufacturing sector in deference to the resource based industries. In reference to changes in the tax law, I believe these views must be given new and urgent consideration. I frankly believe there is a consensus across this country that any industrial strategy should give the highest priority to processing more of our raw materials in this country. This not only provides greater employment possibilities but creates the openings which are necessary to absorb the people we are training in our manpower centres, schools and colleges. It is clearly also the long-term direction for an economy such as ours. Another feature of our national strategy must be a statement by the government on the matter of foreign ownership of our resources and industries. I see this as an integral part of our strategy and one which is acquiring increasing importance.

So, Mr. Speaker, I see the ingredients of a national strategy involving several parts. One is the establishment of a systematic and continuing framework for consultation between representatives of business, labour, and management on national economic goals. Amongst those goals which I detect are supported by a general consensus across the country are continuing adjustments in our tax law and government programs encouraging the secondary manufacturing sector of the Canadian economy in undertaking more processing of our raw materials here in Canada. Another is supporting and improving efforts to strengthen the pool of management skills available to this country, both on the business side and on the labour side. We need a policy on foreign ownership which will clearly dismiss from the minds of those critics of this priority, the silly notion that we are talking about excluding foreign capital from Canada in an absolute way. We should have a policy which will, amongst other things, simply regulate the form in which foreign capital comes in, where it locates and the purposes it serves. There is a depressing degree of nonsense being said on both sides of this question. Probably I might be accused of contributing to it, but I assure you, Mr. Speaker, it is unintentional.

[Mr. Faulkner.]