

theory applies to all the basic commodities we produce as a nation. What this country must do for the producer is to make sure that at all times we will be the final banker of last resort for commodities. This may mean that as a nation we will have to build some storehouses in which to put aside some commodities in times of surplus, allowing them back on the market in times of deficit; but we will bankroll on the basis of the efficient producer's cost of production.

We have done that in Canada already, it is now new. Not very long ago when the uranium industry seemed likely to collapse in this country we paid for the stockpiling of uranium at \$8 a pound. Today the price of uranium is \$20 a pound. Not long ago, and indeed for some 10 or 12 years, we financed the gold mines in order to keep them in business. Some of that gold which we bought from these mines, taking into account the subsidies to the mines, probably cost us \$40 or \$45 an ounce. It may have even cost us \$50 an ounce. But look at the price of gold today. It is very close to \$200 an ounce, so we as a nation did not lose anything. Indeed, this was probably the finest investment the government has ever made.

**Some hon. Members:** Hear, hear!

**Mr. Blenkarn:** So in terms of bankrolling commodities, this is the type of approach a large commodity producing country must always look at.

Lastly, Sir, in times of excess world demand or excessive high prices we must consider a two-price system. We must look at the situation and make sure that those in Canada who manufacture and convert commodities into usable goods in society are able to buy the raw materials at a price on which they can operate in order to produce and sell.

As an aside, I suppose that might have something to do with the inflationary situation we have in Canada. I do not think a commodities policy is essentially an inflationary policy, but it has certain side effects on the inflation situation. The government suggests that inflation is a world problem, and consequently throws up its hands and says nothing can be done about it. The truth of the matter is that Canada is perhaps the greatest contributor to world inflation, because we have allowed our raw materials to escalate in price on world markets. Countries like Great Britain and France have had to pay the kind of premium prices we in Canada demanded. We have put inflation into their economies, and stupidly we have even put it into our own economy.

As a result of this stupidity the price of pulp and paper has doubled in Canada, yet we export 66 per cent of all the pulp and paper we produce. Indeed, we control the pulp and paper markets of the world. We have allowed the price of that commodity to double in our own economy because we have said we will sell to Canadians at world prices. Thus Canadians have brought inflation into their own markets for their own commodities, and this has probably been the greatest contributor, aside from monetary policy and government expense, to the inflation in this country.

I did not intend to talk about inflation tonight, but I suggest that a commodities policy which was sensible would have very materially reduced the cost of living for all Canadians. We would not now be talking about prob-

#### *Export and Import Permits*

lems in respect of feed grains, the excessive cost of feeding animals and all the rest of it, with everything going higher and higher, had we adopted a sensible commodities policy.

One of the basics to a commodities policy is a quota system, and that is permitted under the amendments to this act. This would enable the government to set a quota on the production of raw materials exported from Canada. I suggest that is very much like the policy of the Progressive Conservative party of the province of Ontario under the late George Drew, when the province banned the export of pulp logs, and later under the late Leslie Frost, who banned the export of pulp.

**Mr. Baker:** And built an industry.

**Mr. Blenkarn:** Yes, and built an industry here. We could build an industry in respect of every processing operation of raw material. I should like to point out to the hon. member who interjected that two-thirds of all the pulp produced goes into the making of paper, and one-third of all the pulp produced in this country is exported from Canada as pulp.

● (2030)

You cannot eat pulp, you cannot drink it, you cannot wear it and you cannot live in it. You can use it to manufacture something else, however. Yet one third of the pulp produced in this country is exported in the raw state, none of it from the province of Ontario. Here is a situation where it is high time a federal government concerned about employment and about opportunity stepped in. Recently we had a two-price situation in respect of oil. While I am not particularly impressed about the use of export tariffs to control the export of raw products—and I intend to say more about that later—the oil we export from Canada goes to refineries largely in the Chicago area. Those refineries turn our oil into anti-freeze which is put in tin cans. They turn it into gasoline which is put into pumps. They turn it into chemicals and nylons. Yet we continue to export raw crude to those refineries.

Clearly it should be the policy of this government, if we are to export oil, that this oil should be exported as oil in tin cans, or in the form of gasoline, or as chemicals, or as pantyhose and that type of thing. We should not continue to export our raw crude, our raw butane and our raw chemicals. We should get down to the business of exporting finished products that every society demands. I had this brought home to me once by my father when he was dealing with the Japanese and importing commodities into Canada. You will recall, Sir, the fancy printed scarves the Japanese made out of silk with embroidery along the edge. These were sold as a package. I asked him: "Why do you not buy the silk in rolls and embroider it here?" He said: "Son, the cost of silk scarves packaged and shipped from Japan is exactly the same price as a roll of silk unprinted, untreated and unpackaged".

What was happening in respect of the Japanese in that case is exactly the type of activity a government interested in industrial development should take on as a pattern in Canada today. Is there any reason we should not sell steel at the same price as we sell the makings, the iron and the coal? Is there any reason we should not say that we will sell Kobi beef at the same price as the calves and the