

Supply

which could be recovered many, many times from the tax on profits on increased revenues within our productive sector and from reduced UIC payments? I would suggest that the factor might be as high as thirty to one on that.

Why does the Minister of Finance not increase the withholding tax to 30 per cent on all foreign interest payments from Canada on loans with less than a 60-month term?

I have another question. Why does the Minister of Finance not introduce penalty taxes with respect to price and wage increases in order to break the current inflation spiral?

All of these things would take the heat off the currency flows and would allow the Canadian government and the Bank of Canada to lower interest rates. We will never get back into the international game unless we start managing interest rates and our economic health. If that is what we as Canadians want, it is time that the government took action.

I have offered these questions because I think they have to be asked, examined and answered. The Keynesian economics are not addressing the rigidities which once again come into our national lives and economies. These rigidities have to be addressed if we are to resolve the present downturn in the business cycle.

Let me now turn to the other part of the opposition motion which concerns inflation and its reduction. This is really public enemy number one. It is behind the interest rate dilemma that we face today and the correction which we are going through, which is very painful indeed.

If we stimulate the economy it will be necessary to have some restraint. Otherwise, we have suffered this pain for nothing. In my opinion, we will need a tax-based policy, as just suggested. We also need an addition to a pact, or a social contract with organized labour, with some form of price restraint so that recovery from the bad days of this recession will not be too sudden and set the inflationary spiral in motion again. I believe that is an essential element of long-term recovery.

If the government continues its present path millions more will suffer as a result of a complete collapse. It will take ten or more years to recover. I have lived through the thirties. Not everyone in the House is of that age. It was rough. That is why I appreciate everything that this country has given me and others, and the benefits that have attracted so many new Canadians to this country. It is all at stake once again, but we do have the knowledge that we can crack the nut if we have the will.

These bookkeeping methods of the government and the Bank of Canada are doing more damage to this country than a massive physical catastrophe, for when you have an earthquake or some other disaster, the people come together to work and somehow get organized into some kind of disciplined form and know exactly what to do to rebuild what once was. However, today the whimper and the cry at large within this country is, "What can I do? What is going on?"

The other night there was a simple little rally in my riding. It normally would have attracted 90 to 150 people. There were over 700 people there asking, "What is going on? What can we do to help? Is there no way out?"

I have asked some questions here tonight in the few minutes I have and have made some suggestions that somehow or other will break through that impasse of the Keynesian economists who cannot, will not, and are not addressing the rigidities of supply and the reaction to supply-demand that we need to get back to.

We talk about an oil surplus. The oil surplus is ridiculous. There is no oil surplus in this world. If one ever saw an example of the supply-demand working, it was when the people started driving smaller cars, turning their thermostats down and reducing consumption. As a result supply came up and world price dropped. Why not go back to that fundamental natural law instead of trying to mismanage it?

With no government leadership and direction, the only positive action that is taking place in Canada today is an outflow of our intellectual talents, the entrepreneurial talents that risk, build and create jobs and an outflow of capital from the country. I just read that over \$18 billion, I believe, of private capital has left Canada this year. What a national tragedy! I see the entrepreneurs, the skills, the talents in the engineering field and the business field packing up to go south where the free enterprise system will survive alongside the corporate giants because their laws address behaviour and they have competition laws that allow free enterprise to survive. That is a national tragedy. The present government policies are destroying the country from within. We are destroying ourselves mentally and spiritually all because of bookkeeping which causes high interest rates done by those still seeped in Keynesian technology. That day has gone. There must be a new dawn.

I attended an international economic conference and very senior economists were there. I have listened to economists debating in this country. It is a debating society. They do not have answers. Somehow or other we, as a people and as a government, must start opening up our minds to these new management technologies and techniques available within the Bank of Canada. I would ask hon. members of the government to read *Hansard* and to read some of those questions I have asked in these few remarks tonight and ask why these things cannot be done, because very good international banking people are telling me that it is entirely possible. That is the way in which a country like Switzerland operates. It is not exactly the way Japan operates, but it operates on those fundamental principles. A low interest rate is the only way we will bring down inflation in this country. We must get ourselves ready for the GATT era, and if we are to do so, we must start changing tax laws, tax policies and monetary policies which interfere with the creation and the production of work and jobs.