

and buy" missions to bring the most important buyers from world markets to see Canadian products displayed in trade shows in our major industrial cities right across this country.

These and other techniques were used by a previous government—of course it was a Conservative government under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker)—to reverse, in one year, ten years of trade deficits and lay the foundation for the prosperity of the 1960's. Such a program can be just as effective today. Because of our already far too heavy reliance on the United States market, our greatest potential for trade expansion lies in the European Common Market. During the past year, only 5.7 per cent of our total exports went to the ECM. These were broken down as follows: 48.9 per cent, raw materials; 33.4 per cent, semi-processed; 17.7 per cent, finished products. From these figures it is obvious that there is a very large potential market in the ECM for our finished products if we will get our prices down. Recognizing this, and also that on January 1 Canada will lose the Commonwealth preference which has been of great assistance to this country in selling three quarters of a billion dollars worth of products to Great Britain each year, the Prime Minister made a hurried trip to Great Britain to try to persuade Mr. Heath to try to persuade the member countries of the ECM to include Canada in some kind of special membership.

Anyone in touch with any person in the governments of the European Common Market knows perfectly well that under the present circumstances, because of the coolness which has developed between the members of the ECM and this country, there is very little if any chance of this being done. The reason for the resentment felt by these countries is Canada's unilateral reduction in its contribution to NATO. We reduced our contribution unilaterally by 50 per cent four years ago. This sentiment is still very strong indeed. There is very little inclination on the part of the members of the ECM to make any concessions to Canada in matters to trade or anything else for that matter.

Why is NATO so important to the members of the ECM? Simply because they believe it is their best guarantee that they will not become embroiled in a third world war. It was to provide this kind of collective security that 14 countries of the western world joined together after the conclusion of the Second World War. Each of these member countries agreed to provide and maintain certain parts of a composite force calculated to deter any potential aggressor from the kind of adventures which precipitated the first two world wars. When one country reduces its contribution, this provides a temptation to follow suit with the possible result being the reduction of the strength of the composite force to a point where no real deterrent to aggressive action is provided. I think it has become obvious that if we are to play our full part in providing a practical deterrent to action which could lead to a third world war, and if we are to regain the respect and co-operation of the NATO allies we should now restore the strength and effectiveness of the NATO contribution which this country pledged to make and did make. It did this for many years and should be doing so today.

The Address—Mr. Hees

Finally, what can be done to control the rapid rise in prices of Canadian products which has made possible the increase in imports of more than 20 per cent during the past year and which is making it increasingly difficult to sell Canadian manufactured products abroad in any satisfactory volume? Imports which of course take jobs away from Canadians have been gaining ground because Canadian prices have been rising too quickly to allow many of our products to remain competitive. It is all too clear that Canadians are not willing to pay more for a Canadian made product than they are required to pay for a similar article made in some other country. With wholesale prices of products made in Canada rising at a rate of nearly 10 per cent during the past year the switch to foreign-made products has now become very serious indeed.

What is to be done about it? Price rises must obviously be controlled, but how? Although President Nixon has recently announced that price controls in the United States will be continued for another year, I do not believe that we have to take the full step to price, wage, rent and income controls at this time, because I am convinced that another step will be more effective. I have been told by top leaders of management and labour right across the country that if the government introduces guidelines designed to keep the annual rise in prices to between 2½ per cent a year, and 3 per cent a year, and makes it very clear that mandatory controls will be introduced if these guidelines, backed by a flat statement by the government will have no alternative but to obey these guidelines. The reason is that they know that mandatory controls will put their operations into a straitjacket from which it may take years to emerge. I think it has become obvious that such guidelines, backed by a flat statement by the government that non-compliance will be followed by mandatory controls, are long overdue and should be introduced without further delay. So it is clear there are straightforward steps which this government should and must take now to stimulate the economy, to get it moving again and to bring it out of the lethargy in which it exists at the present time.

Unfortunately the Speech from the Throne does not contain any specific steps the government proposes to take to stimulate the economy and get it moving at this satisfactory pace. That speech is simply a public relations document designed to lull the people to sleep and make them believe that something will be done. But it will not be done. This government did nothing in four and a half years and, unfortunately, it is no better today than it has been during that time.

• (1430)

Some hon. Members: Hear, hear!

Mr. Hees: It has become obvious that the woolly-minded theorists who run this government must be replaced by practical men, men who have had some experience in the practical aspects of business, who understand business, understand the economy and understand what has to be done to revive it and to get it moving again. It has become obvious that the only men who are available to this parliament to do that job are the members of the Conservative party.

Some hon. Members: Oh, oh.