

surplus nations. These problems seem very remote. Imagine a group of nations 12,000 miles away having \$60 billion, \$80 billion or \$200 billion of surplus investment money. This does not have anything to do with Canada? No country is more under the gun than Canada. We are an export nation. We depend on the stability of the monetary and fiscal systems of world nations, both domestically and internationally, to keep up world trade.

● (1450)

I say to Canadians who wish to give the proper thought to such a situation that the danger of a recession in Canada and in the United States is not on the horizon at the present time. There is too great a demand for goods. But there is a danger at the international level. However, it should not be without some pleasant aspects. Hundreds of billions of dollars, almost one hundred billion dollars are available for investment. And what have we in Canada to contend with? What is the difficulty? Well, it amounts to a difference in attitude. Let us be frank and realistic. The Japanese are frightened of an invasion of cheap money from the Arab countries. Can you imagine, Mr. Speaker, the reaction of the United States government today if there were an offer backed by Arab money to take over Ford—seven billion dollars in one swoop? The attitude of the Americans, of the Japanese and ourselves has to change. All these surplus money nations can get for their money is about 3½ per cent or a little more in Swiss banks. Our countries take the attitude that Arab money is dangerous. One can imagine civil servants saying: By God, if we bring 5 per cent money into Canada it will ruin our high interest policy.

Today, thousands of Canadians are in desperate need of homes. They are wired into this 10 per cent interest rate which our masters on the fiscal side have decreed they must accept. There is cheap money available but it is accompanied by dangers. We have to pay it back in 20 years from now at the exchange rates prevailing at that time. This means we must work hard and export sufficient to keep our dollar in relation to those currencies. But that is not impossible. There is nothing wrong with borrowing money providing bonds for us to develop our economy in Canada. Canada's interest lies in owning the equity; we want to own our country. We can soon pay off the bonds.

Still on this subject, the newly developing nations are in tremendous need of investment capital. However, they can only absorb it at a certain rate—it is difficult to get huge amounts into those countries quickly. Machinery is lacking at both national and international levels to encourage the speeding up of the movement of needed capital into, say, Pakistan or Indonesia or Malasia. It is true a World Development Bank has been set up, but in my book it is really a delaying mechanism. I do not see why Canada and other countries which are not suspect in the eyes of the world cannot build up the necessary machinery taking advantage of the tremendous know-how possessed by Canadian companies allied with the enormous investment funds belonging to the Arabs.

Such an organization should be capable of acting quickly so that part, at least, of these huge sums which are overloading the monetary system and threatening the whole stability of the world monetary structure can be usefully employed. As I say, Canada would need to adopt

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domestic and foreign policies designed to keep our dollar in relation to the value of other currencies. But this is not beyond possibility. In other words, the problems affecting us here are mostly monetary and fiscal. I am warning Canadians that if we do not get with it there could well be a world wide recession.

I turn, now, to another point—the tremendous change which has to come over the minds of the experts who guide our governments in the formulation of policies. We have no model for handling the problems raised by a worldwide shortage of commodities. All the economic doctrines and theories which guide our policies are based on the fact that there will always be an abundance of commodities and is concentrated on the use of labour and capital. Somebody, or a group of people, has to devise a model to cope with the likelihood of the world being short not only of oil but of steel, fibres and other key materials. By the year 2000 the Americans alone, using the prices of a year ago, will be importing minerals at the rate of some \$60 billion a year. We shall be facing a tremendous shortage of fibres, that is, wood. I know these things, because warnings have been given out for years. This is all the more reason for putting some original thinking into designing an economic model to cope with the situation when it arises.

I come back to the argument by Douglas Fisher. I am simply saying that even though I give warning of these dangers I have great confidence in the fact that the human mind, once faced with a challenge, has always responded. We do not necessarily have to wait for another Lord Keynes to come up with a model to solve our problems as he did in connection with a demand-pull type of inflation in the thirties. Among ministers, among members of the opposition, among parties of all types in all the western democracies I believe there is a tremendous fund of commonsense, an ability to sit down and do the type of thinking which has to be done to produce new ideas for testing out. When I hear supporters of the government yelling "tell us your policy" as they have done for the past year, I know there is no thinking there. The same sort of thing is happening in every country. It is in these circumstances that governments say: Inflation is worldwide and we cannot do anything about it. This is being said by French ministers in Paris, by British ministers in London and by Japanese ministers in Tokyo. It is the same attitude as ministers took in 1929, and as a result, we spent ten years—

**The Acting Speaker (Mr. Laniel):** Order. The time allotted to the hon. member has expired.

**Mr. Hamilton (Qu'Appelle-Moose Mountain):** I have just one sentence to go.

**Some hon. Members:** Carry on.

**Mr. Hamilton (Qu'Appelle-Moose Mountain):** I have said I am optimistic. We can avoid an international recession if we use the brains we have—the resourcefulness of our civil servants and of our elected members. I have faith that in the monetary field they can produce the ideas if only they will get down to the job of grappling with the situation.