

The answer is difficult to find because the government would obviously like to do something to cure unemployment if only to halt the deluge of criticism which has been poured upon it for the last couple of years as a result of its complete misunderstanding of the economy and complete inability to handle the unemployment situation. The reason the government has put forward no plan is that its members simply do not know what remedies to prescribe. No minister in charge of a senior economic portfolio, from the Prime Minister (Mr. Trudeau) down, has ever had any experience in production or in the sale of products or services. Yet this is what the economy and employment are all about. These fuzzy-minded theorists simply do not understand what is needed to stimulate the economy, increase production and produce more jobs. They do not understand that employers will simply decline to expand their production unless they can be persuaded that by doing so they will stand a reasonable chance to make a reasonable profit. In order to provide encouragement and reassurance, the government must institute measures which will convince employers that they will be working in an atmosphere which will sufficiently assure them of a reasonable profit from their expanded operations. If they are not so convinced they will simply decline to expand their operations, production will not increase and employment opportunities will not expand.

Leaders of industry will not expand production while the competition bill and the amendment to the Labour Code remain hanging over their heads. Business has told the government this in no uncertain terms over the past few months. The government, on the other hand, thinks that the propaganda it has put out concerning these two bills will please a great many people who are expected to vote in the next election and it has therefore decided to proceed with these bills despite the fact that doing so will result in the slowing down of economic growth, and, consequently, the chance of increased employment opportunities for our work force.

Let us consider what the government has been doing in its attempt to increase employment. It has been making grants in cases where new industries are opening up. We would all agree that this is a good plan provided the industries concerned are experiencing a steady or a growing demand for the products they turn out. But if there is no such demand, if, by any chance, there is a declining demand for those products it is obviously foolish to subsidize the creation of new plants in that area of industry. Examining the whole picture we find, for example, that in the pulp and paper industry, which for the past year has been in a situation of over-supply both in Canada and throughout the world, the government has subsidized the creation of two new companies. One of them is in Grand Prairie, Alberta to the tune of \$15.7 million and the other is in Rayonier, Quebec to the tune of \$13.7 million. This despite the fact that pulp and paper plants across the country during the past year have been cutting back operations and laying off people. In particular, the plant at Timiskaming is closing down and laying off 850 people simply because there is no demand for the pulp product it produces. This gives one an idea of the kind of fuzzy thinking this government indulges in, and is the reason the business community has no confidence in the government's ability to direct our economic affairs.

• (1430)

Let us take a look, Mr. Speaker, at what the government is proposing to do. There is no indication of this in the Speech from the Throne, but last Saturday we learned from a speech made by the Secretary of State for External Affairs (Mr. Sharp) in Winnipeg, something of what the government has in mind. In his speech last Saturday in Winnipeg the minister discussed Canadian-United States trade relations and the problems that exist between our two countries in this field. Then he said, to quote his words: "We have made contributions to the correction of some of these imbalances, and the government is prepared to go further".

I should like to know why Canada is responsible for any temporary imbalance in trade that we have with the United States at the present time. We have had a trade deficit with the United States for 18 of the last 20 years. At the moment we are in a temporary surplus position, but anyone who has read the financial pages recently will know perfectly well that this temporary surplus position is evaporating very, very rapidly and will cease to exist within a few months. Yet the United States government has been able to con this government into believing that we have some responsibility to right this imbalance.

The government's approach to the United States government is one that should not be condoned: it is one of going cap in hand to the United States and apologizing for something for which this country is not responsible. The result of these "further contributions" which the government has promised to make through the speech of the minister of external affairs last Saturday, and which the Prime Minister (Mr. Trudeau) said this morning was government policy, will be that Canadian industry will have to make sacrifices that will cost jobs in this country.

The most likely industry to suffer is the Canadian automotive industry. It is very likely that this government has already indicated to the United States government that it will do away with the two principal safeguards in the Canada-U.S. automotive pact. This morning I asked the Prime Minister whether that was the case but he ducked the question. We have the right to know, and so does industry, whether the government is going to scrap these two safeguards which are of tremendous importance to the automobile industry in Canada. If not, then what other industry is going to be sacrificed at the whim of the United States government and in order to meet an argument advanced by the United States government which has no validity whatsoever? As I have said, for 18 of the last 20 years we have had a trade deficit with the United States. Simply because we are in a temporary surplus position is no reason to ask us to make further contributions to correcting the imbalance, just to please the United States government.

So we see this government doing foolish things, such as subsidizing new plants in an industry whose products are already over-produced in the world. Although Canadian plants are closing down or cutting back production, we put something between \$25 million to \$30 million of taxpayers' money into the subsidization of plants. This will simply make the economic life of existing pulp and paper plants in this country that much more difficult. The government is also going to make further contributions to