

There is increasing concern about the world economic situation, and there are those who suggest that the western world is on the brink of a depression. Throughout the capitalist west, unemployment seems to be moving upward. Depressing events are occurring, and the old economic mechanisms appear to be losing efficiency. Economies cannot be managed the way they once were. The British found that they incurred heavy budgetary deficits, but inflation continued to rise.

In connection with the problems of the EDC it should be pointed out that no convincing theory has been advanced to provide an alternative to the old mechanisms. Monetarists suggest solutions, but those solutions mean creating more unemployment, at least at the beginning, for which there is considerable resistance in democratic societies where people elect politicians. No one could have forecast the sudden four-fold increase in the price of oil which spoiled all the neat long-range forecasts of that time. Arising out of this oil price increase, the current instability in the balance of payments, and chaos in international currency markets, there have been no new mechanisms developed to deal with the situation. One of the disturbing effects of all this, including the actions of vehicles such as the EDC, has been that we are internationalizing economic policy.

At the recent summit meetings in France, Puerto Rico, and Britain—and the one coming in July in Bonn—economic politics dominated. Mr. Callaghan, the British Prime Minister, is relying on the Bonn summit to provide some answers. We are relying on the EDC to provide help, and increasingly economics are taking the place of weapons in defensive alliances. At last year's summit in London all the participants agreed to increase economic growth so that world trade would expand and unemployment fall, but this has not happened. Germany, which many nations blame for not having done enough, has tried to re-inflate its economy on three occasions, but the result has been a disappointment.

The great problem is that the United States, the great economic locomotive of this world, is plagued by a falling dollar, a balance of payments deficit of astronomical proportions, and an economy which threatens to be severely inflated. Small wonder then that protectionism is rife and that it gives economic internationalists bad dreams. It is a problem for the Export Development Corporation.

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The protectionist lobby in Great Britain, which is mostly left wing, complains that the number of unemployed in Britain might increase to 4.5 million, that is, three times as great as at present.

Import controls are another subject about which the protectionists are complaining. The industrialized west could also raise high tariffs against Asian countries, notably Japan. President Giscard d'Estaing seems to be following this line. The dilemma which faces the world is obvious, with the protectionists arguing that, if countries do not follow their policy, a depression will result, while the opponents of protectionism argue that it is the introduction of these tariffs which will

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result in a depression. Most people agree that one way or another we are going to have problems, and this is a sobering thought for those in the western world.

No one would seriously doubt that we have been able to maintain our high standard of living largely owing to the availability of cheap energy in the form of oil and gas. Although there might be a small glut of oil now, the future seems bleak. The United States, the great locomotive of the world, is now importing almost half the oil it uses. If U.S. oil supply is cut off in the Middle East by either the Russians or any other nation in that sector of the globe, it will result in severe economic hardship for the United States, and perhaps severe depression.

Anything can be exported at a price, and Canada is becoming a source of cheap and ready money to some of our intensive competitors. I have spoken about the financing by EDC of the \$100 million pulp and paper mill in Poland. The government, and others, expect Poland to be one of the major competitors in the European pulp and paper market. Karl Marx said long ago that capitalists are so anxious to sell that the Marxist states can continue buying from them in sufficient quantities to keep their own struggling economies alive until they are in a position to overpower them.

Obviously there comes a time when the indiscriminate lending of money for export purposes ceases to be useful. It is unfortunate that what started out to be a useful tool, with the increase in multilateral trade, has reached the point of no return.

In many ways this bill exemplifies the dilemma in which Canada finds itself. In the past 25 years we have had a contrived type of economy, that is, we continue to help one part of the country over another by one kind of government intervention or another, and we favour one area of the country over another by means of government intervention. A classic example of this is the official interference, at least in a moral sense, to prevent the move of Sun Life headquarters from Montreal to Toronto. For some reason the government feels that Sun Life should stay in Montreal. But Montreal is part of Quebec, and that province has said that the use of the English language should be kept to a minimum, if at all. However, it should be kept in mind that the vast majority of Sun Life policy holders come from the English speaking part of the country.

As many industries are now finding out, it is difficult to work in the second language and to have a head office working in a language other than that used by the main group of subscribers, particularly when on this continent English is the language of business. Sun Life is a co-operative mutual insurance company which belongs to its policy holders, and it should have the privilege of deciding where its head office is located in Canada. It should have the right to decide even to move its headquarters to the United States if it so wishes. In view of the fact that the company is a mutual insurance company, the individual policy holders of which have the right to vote, there should be no government interference and no