

Income Tax

leading countries in the world in the exporting of mining equipment? Why haven't we developed an industrial strategy that is based upon the resources that we have, and develop, for example, a mining machinery manufacturing industry in this country which is competitive with such industries all over the world. We import more pulp and paper manufacturing equipment than we export, which certainly should not be the case.

We have the incredible situation that we have an energy strategy in this country, if we can call it that, which calls for us in the 1980's to import a portion of our oil needs. We have the largest known reserves of oil in the world and yet, we are going to be net importers in the 1980's. Can you imagine the Japanese being in such a situation? Can you imagine the Germans? Instead of being a net earner of foreign exchange, we have so mismanaged our economy, and have so neglected our resources, that we are going to be net importers of oil in the 1980's, and which, by the way, we don't know now how we are going to pay for it. And so it goes in area after area.

There is no chance that our economy will start moving forward again unless the Department of Finance and the Minister of Finance take a look at the various industries we have in this country in the various sectors of the economy and bring forward tax policies and development policies that make it possible for such industries to operate efficiently and profitably.

Equally important, as the former minister of finance, the hon. member for Eglinton (Mr. Sharp), said at a meeting the other day we must have a new way of making decisions about budgeting. The budget-making process in this country must become open. What we need to do right now, and if the Minister of Finance is serious in saying he wants to bring certainty back to the economy, what he should be doing is calling in leaders from the various industries around this country, and asking them what they need to make them efficient and competitive. From this information he should be starting to establish policies that will be effective in getting the country moving again. Budget-making must be brought out of the closet. It must be open, so that the people of the country, the businessmen of the country, the entrepreneurs of the country know what the government is planning.

The government must also have the courage to make its forecasts about employment, unemployment and inflation public so that business can make plans according to these estimates. Moreover, if the estimates are wrong the minister should come before the House of Commons or before a committee of the House of Commons, and explain why they are wrong.

I don't think Canadians realize the full extent of the economic problems with which they are faced. We have seen the dollar decline. The Minister of Finance has claimed that we have a floating dollar, and I would agree with him that the government has not tried to stabilize the dollar at 90 cents, or 92 cents, or 88 cents, although it has had to use a great deal of foreign exchange to keep the dollar from going down further than it has. There is no way that the dollar is not going to decline more if the government maintains the same sort of

economic environment as we are operating in at the present time. The Minister of Finance has a real responsibility to change that environment so that the dollar will not go much lower. Every time the dollar drops we get more inflation, and every time we get more inflation we get less investment. Every time we get less investment, we get more unemployment. Unless we do something about this situation we are going to have a never-ending problem that is precisely the same as the one the British found themselves in in the 1950's and 1960's.

If you examine those countries that have prospered since World War II and those countries which have not, the countries which have prospered have devalued their currency the least. The countries which have had the greatest amount of difficulty are the ones which have devalued their currency the most. How sad it will be if we are now following the British in terms of the management of our economy, and yet that is the direction in which we are going. The constant decline of the dollar will not solve any of our problems.

One of the things I find quite remarkable in Canada in the last decade, is the changing view which is held by the Minister of Finance about his responsibility, and indeed the way in which the press measures the success or failure of the Minister of Finance. It used to be that a minister of finance almost took for granted that he was politically expendable. The reason for this was because strong ministers of finance were always willing to take those actions that were important for the country, regardless of the political consequences which might result. We don't find this happening any more. When have we had a minister of finance in the last few years who has really been willing to take the tough actions that are necessary to turn the economy around? The characteristic feature of the way in which the economy has been managed, and of the way in which ministers of finance have operated recently, has been that they have talked strong and done nothing.

An hon. Member: Travel to Florida!

Mr. Gillies: Nothing has been done. We may, this winter have a \$1.5 billion to \$2 billion deficit in the travel account. We haven't heard a word from the government of doing anything about this. Why not? Because it is an unpopular topic.

When can we have some action on the part of government to start solving some of the problems that we have before us? Business cannot do anything if the government does not provide some leadership and policies. And yet government is unwilling to provide leadership on issues which are so important. Part of the tragedy of the last few years in economic management of this country is that politics has always taken precedence over economics. As long as this happens, as long as we have a situation where the government is afraid to take tough action to try to bring the economy back into shape, we are doomed to continue our decline.

We have other very peculiar situations. I was interested in reading the speech the other night of the hon. member for Crowfoot (Mr. Horner), the Minister of Industry, Trade and Commerce, talking in the House of Commons. Here is one of