

*Supply*

principle, the cause and effect—I think that term was used by the Hon. Member for Ottawa Centre (Mr. Evans)—of the position we are in today and how we can remove those causes. The business cycle has been with us since the industrial revolution, and even before that when the world economy and the economy of nations was agriculturally based. I do not think we are going to get over the business cycle, not in the foreseeable future. What has happened is that governments, with all good intentions, have got into the act, but they have not solved the problem of the business cycle. They have changed its shape. Whereas in previous times the business cycle meant a great dip in economic activity, which would then spring back, we now have a prolonged period of recession. Whereas at one time the problem was acute, it has now become chronic.

Some of the good things that Government has done have helped to prolong the agony; the various income maintenance schemes, for example. That is one other reason why the free market in labour no longer exists. It might be very good if you are unemployed to be assured of that unemployment insurance, but what it means in the long run is that it takes a lot longer for the business cycle to recover. Other reasons that should be cited are the very nature of industry today, and the very large organizations and large unions that mean inflexibility is built into the system.

● (1640)

The degree to which Government is present in the marketplace is also being constrained. That does not allow the economy to rebound in the way it should. I could give as an example the Pine Point Mine in my constituency which is dependent on Government for transportation, through CN, and is dependent on Government for its electricity supply through the Northern Canada Power Corporation, which is a Crown corporation. These corporations are headed by reasonable people but they are so bureaucratic that they have to go all the way to Cabinet for decisions. The system is just not able to adapt. In Pine Point, the Northern Canada Power Commission charges 120 per cent of the cost of the power it supplies. When the mining company goes to the power company to ask for a reduction in the rate, it is told that the decision is up to Cabinet. If a private company were involved, rather than be put in the position of not selling any power, it would reduce the price. Certainly it would make a lesser profit but, all around, it would be good for the company, good for the mine and good for the employees involved.

There is a similar situation with the Dome mine in Yukon. It is so involved in discussing the bail-out it needs because it got involved with carrying out Government policy and is so dependent on top level decisions to be made by the Minister of Indian Affairs and Northern Development (Mr. Munro), that the normal flexibility in arrangements between members of the marketplace, just cannot take place. The Government of Canada owns the minerals in the Yukon. It is concerned with all the other great issues of the day, and what happens in the Yukon appears as the last item on the agenda for Cabinet meetings, I am sure. Cabinet probably never reaches it.

If the minerals were privately owned, things would be different. The owner would meet with the lessee, would meet

with the representatives of the employers and with the customers to try to work things out so that he could continue to receive royalties. That is not the case when the Government is involved in so much of the action.

I wanted to say something about protectionism and how it can be avoided, Mr. Speaker. When there is a contraction in trade, everyone loses. Practically every country in the world is guilty of some form of protectionism. Japan has put restrictions on the importation of manufactured goods. The United States is trying to restrict the importation of competitively produced Canadian lumber. In Canada we protect industries such as the garment industry which is largely headquartered in Montreal. Then there was the fiasco on the West Coast concerning the importation of Japanese cars. We all share the guilt, Mr. Speaker.

The long-range solution to economic problems is the removal of constraints and international trade that is as free as is possible. When I get around to giving this great speech, Mr. Speaker, I shall deal with the things that we might do in the short term to alleviate unemployment. My main contention will be that we should concentrate on public works, on things of an investment nature, rather than short-term, make work, current account-type schemes that will have no long-term effects.

If we have to borrow money in the marketplace, if we have to resort to a certain amount of inflation and deficit financing, then we should put things in place that will pay dividends in the future. I think of roads, harbours, air strips. I could cite examples from the last Depression, such as the Grand Coulee Dam in the United States. Such things would pay dividends in the long run and are the type of thing we should be doing.

I am sorry I was not able to go into these matters in detail but I shall give the House the benefit of my advice for the long run at another time. In deference to my colleagues who wish to speak this afternoon, I shall now take my seat.

**Mr. Nelson A. Riis (Kamloops-Shuswap):** Mr. Speaker, I want to say how much I appreciate the element of co-operation the House has shown this afternoon in allowing the maximum number of Members to participate in the debate. I think this is a very positive gesture and augurs well for the future.

I have two brief comments to make, one of which is perhaps of a slightly negative nature. I am pleased that the Hon. Member for Rosedale (Mr. Crombie) brought this motion to the House today. I respect his views and I know his intentions are positive and honourable. I cannot say that about all his colleagues, however.

As I listened to the speeches today I recalled one of my grandfathers who lived into his nineties. As he approached the end of his life his mind began to slip and the only things he could recall happened in his youth. For hours on end he would tell stories about what it was like to be a young man in Norway. Today, when I was listening to the Progressive Conservative speakers, I was reminded of my grandfather. They keep