

*Trade Policies*

**Mr. Knowles:** I am concerned about the time ahead after some of our friends have left us. The other article of faith has been the belief that our manufacturing sector should be concerned primarily, if not exclusively, with the domestic market. This has resulted in our developing in Canada what is so well known as a branch plant economy.

One of the interesting statistics I ran across a short while ago is that in 1968 when the right hon. member for Mount Royal (Mr. Trudeau) became prime minister of this country, 27.6 per cent of employment in Canada was in the manufacturing industry. We had 10 or 11 years of that right hon. gentleman's government and the latest statistic I have been able to obtain is that that figure is down to about 21 or 22 per cent. In other words, it is not just a case of our having too small a manufacturing sector; it is actually slipping behind. I suggest that is largely because of our branch plant economy, our branch plant psychology. That has, of course, resulted from the fact that so much of our manufacturing is owned and controlled outside of Canada.

The latest figures I have suggest that about 57 per cent of all manufacturing in Canada is foreign-owned. That includes 99 per cent of the rubber industry, 95 per cent of automobiles and parts, 87 per cent of chemicals, 71 per cent of electrical goods, 63 per cent of agricultural equipment and 57 per cent of transportation equipment.

Because we have had in power in Canada these two parties with these two precepts or tenets—on the one hand that we gain by selling off our raw materials and natural resources, and on the other that we restrict our manufacturing activity mainly to supply our domestic market—we are actually losing ground.

With regard to the first principle, that we sell off our raw materials and natural resources, one of the things that is happening today is that it is being discovered that there are other countries, maybe we can call them hinterland countries in the Third World, where there are natural resources and raw materials as well. No longer are we one of the few countries to which industrial giants look for those raw materials. Therefore, the two tenets or pillars on which both Liberals and Conservatives have conducted the economic life of this country are crumbling. I suggest it is high time we have the kind of debate that has been proposed today by the hon. member for Ottawa-Carleton. Indeed, it is a debate that will have to be carried on for far more than just today; this is a debate that is crucial to the future life of Canada.

We in this party feel very strongly that there are certain things we should strive for in terms of an industrial strategy to which there is related the whole question of international trade. In the first place, we believe we should concentrate on the developing of industries that supply the key sectors of our economy. Our people spend 80 per cent or 85 per cent of their income on housing, transport and food. We suggest there should be a deliberate attempt to develop on a manufacturing basis expertise and efficiency in those areas for the good of our people, and also to establish a base for our being competitive in world markets in those same areas. In other words, we believe

[Mr. Kempling.]

that by concentrating on the developing of these key industries we can begin to turn our backs on that branch plant colonial situation in which we have lived all these years.

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We also feel, as a second point, that we should develop certain key basic industries in areas which are solid and crucial to all manufacturing so that we can break into world markets. We should not forever accept the idea that we are run from abroad or that we are just an adjunct to other countries; we should go deliberately into the production of such things as industrial machinery and equipment, chemicals, plastics, telecommunications and metal fabricated products, for after all these are the foundations of a modern industrial economy.

Some years ago I very much enjoyed reading Blair Fraser's book which was, I think, entitled "In Search of a Canadian Identity". And I have enjoyed reading the work of others who have pictured for us the strength of this country as the north, with its wilderness; and as long as we have that wilderness, the rocks, trees and the lakes, we will be a distinctive country. I would not want us to lose that. Yet in this modern, competitive industrial world we must also develop our own place in that world and not continue, as I have said, to be an adjunct to another or be subordinate to other industrial giants. So our second contention is that we should emphasize strongly the development of these basic industries and put ourselves on the map in this important part of the world's economy.

The third and perhaps the most important thing that we should do—and I offer this as a third element in an industrial strategy that would have far more meaning than we have had thus far from the two old line parties—is that we should make the deliberate decision that Canadian resources be owned by Canadians, controlled by Canadians and developed into manufactured goods for use at home and for export by Canadians. I am concerned about the conflict between privatization and the continuance of a government presence in our economy, and there is no question where my party stands on that issue. I was alive and active in the days when the government was far less active in the economy than it is today and I, for one, do not wish to see this country return to those days. I believe we are hearing a lot of nonsense from those who sit on the other side in connection with this area, and I am not so sure that those who sit in the official opposition on this side of the House are as clear as they ought to be on this question either. But over and above that, I suggest that the most important thing for us in terms of an industrial strategy, in terms of our surviving and succeeding in a modern industrial, manufacturing world, is for us to have the ownership of our own resources, to control their development and be in charge of our own affairs.

Mr. Speaker, I like very much the way in which my leader, the hon. member for Oshawa (Mr. Broadbent), expressed this matter in a speech he made earlier this year when addressing a gathering at York University. In his absence I will take the liberty of quoting two or three sentences from what I thought was a very good speech. My leader said this: