

Productivity and Trade

rather than the manufacturing groups. We have in this country, as a result, a whole series of small industries and factories which tend to mimic the industries and corporations in the United States. I think, when we talk about an industrial strategy for Canada, we must talk about rationalizing industry in this country and about specialization in certain industries in order to compete abroad.

We in this country must be concerned about independence, because one of the real consequences of an economy that is not controlled by ourselves is that when the other countries run into problems, a branch line economy will be the first to be affected. We see this in respect of the United States. If the United States has a trade deficit or unemployment, then the corporate entrepreneurs in the United States will place their interests in Canada at a level secondary to those in the United States. This is, of course, the natural reaction.

If we are to solve, in the long term, some of our industrial and trade problems, Canada must have independence in respect of its own economy. We must have independence if we want to have research and development in this country and the creation of more jobs and more research with which, hopefully, to spur on Canadian industrial development. I think this is a real problem we must face in the years to come if we are to have a nation called Canada a few years down the line.

What really concerns me in looking at the future is the spectacle of the amount of money that we may borrow in foreign money markets in order to develop certain projects in this country. The Department of Energy, Mines and Resources is now talking about borrowing some \$115 billion between now and the end of this century. This amount of \$115 billion is for projects such as the development of the tar sands, the James Bay project, other hydro projects, pipelines such as the Mackenzie Valley pipeline, and so on. What will it mean if we borrow \$115 billion. I think it will have serious ramifications in respect of the Canadian economy in the future. If we make that decision, first of all we will be spending all the money we can possibly borrow to develop the type of economy that has already given us trouble, an economy that is not based on manufacturing and processing of resources in this country, and an economy which I feel will become more and more foreign owned.

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If we borrow these sums of money as a country, or as a province in the case of Quebec with the James Bay project, or any other province, what will probably happen is that the Canadian dollar will increase in value, and when it does it will be even more difficult to sell our exports abroad, whether they be farm products or manufactured goods. That, in turn, will create more unemployment in this country and more of the type of problems we already have. Furthermore, I really question the necessity of going into debt to so great an extent to develop grandiose projects like the James Bay project or the pipelines that are now being talked about in northern Canada.

It is the type of direction in which this country is being dragged, not because the people can or want to go in that direction but because huge, multinational corporations think it is wise that we borrow money, that we explore those resources and sell them and to hell with the Canadi-

an people or with the planning of the future of this country that we call Canada. That will be a real problem in the future.

Another problem we will have, particularly if we start borrowing these vast sums of money, will be to diversify our trade. Already we are putting all our eggs into one basket, the basket of the United States. When the U.S. runs into trouble, it will obviously affect us here very quickly. I believe that one of the objectives of this country should be seriously to diversify our trade. We can do that if we have foresight and courage. The U.S. is a very powerful nation and of course it will be our major trading partner, but they have their own problems. The EEC nations also have their own problems. So we as Canada should be looking at areas of the world that will complement the type of country in which we live.

As Canadians, we have almost everything in this country except a tropical climate and the kinds of things that are produced in that type of climate. It makes sense for us to have stronger trading links with the Caribbean countries or with Latin America so that it would be of benefit not only to us but to them. We should have trading links with countries that are complementary. That is why I think we should trade a lot more with countries such as Cuba. There is no reason why we should not be purchasing sugar and citrus fruits from the Caribbean nations and Latin America, rather than from the U.S. It would be good for us and it would also be good for the country to which I referred. We should also consider greater trade with China. I think our country should spend more time and effort in trying to develop meaningful trade with nations such as China. That will be important if we as a country want to develop our trade in the future.

Much has been said in this debate and other debates about incentives and the lack of incentives. I challenge the very idea of providing incentives as a way of solving trade problems. Last Friday in the House we heard the minister state that the export levy or charge which was to be imposed on companies in this country was being dropped. This will be of some aid to exporters, but I suggest it might distort many of the market conditions in this country by encouraging companies to divert production from domestic to export markets. Two or three years ago vast write-offs for manufacturing companies were introduced in the House, and corporate taxes for manufacturing companies were cut. Despite that, we are now moving into a crisis in our balance of trade. Our trade in manufactured goods has dropped drastically.

Corporations do not respond to carrots or to hand-outs that are given before the fact. There is no real proof that the type of tax cuts that have been given in this country have stimulated manufacturing. I believe the Conservative party is on the wrong track when its members argue, as the hon. member for York-Simcoe did today, that the solution is to provide more and more incentives and tax write-offs to manufacturing companies. Instead of that, what we need is a planned economy, an economy that is planned on behalf of all the people of this country, not planned by the large, multinational corporations.

One of our prime objectives should be to upgrade raw materials and resources prior to export. We do not need an economy that exports solely raw materials for the sake of