

Winter work subsidies must be reinstated to meet the requirements of municipalities, and the 12 per cent tax on building materials must be removed in order to give new impetus to the building industry.

Besides, arrangements must be entered into with the province of Quebec to give the premier of this province, who promised 100,000 jobs, an opportunity to keep his promise.

Mr. Speaker, the people will not be content with promises any longer, and disorders will keep increasing, unless the people are given what they have a right to.

[English]

Mr. Hu Harries (Edmonton-Strathcona): Mr. Speaker, the motion addresses itself to the short-term future. It would be difficult to deny that in that time we will be facing some immediate and important economic difficulties, although we may well differ on our description of the magnitude and causes of the difficulties. Without belabouring the obvious, it may be useful to define three segments of the economy that should be considered.

The first segment is that which is continuing to undergo technological readjustment. I am referring to the farmers on the Prairies and other regions of Canada, fishermen, lumber operators and others involved in small-scale resource industries. These people are not restricted to any particular geographical region, but they do constitute a separate and important force in the economy.

Second, we must consider the special geographic areas where, due to a combination of labour force and capital circumstances, there is a failure to get the needed economic expansion. These areas, the most significant of which is Quebec, have been described as slow-growth areas. The third general group may be included in the description of those affected by a slowdown that extends all across Canada and is in response to policies, both business and government, and fiscal and monetary restraints. What is happening now is that these three segments, each of substantial significance, have gone on a strong downward trend all at the same time. Whether this could have been foreseen is not of much help in meeting the problem as it exists, although I belong to the group with the 20-20 hindsight that says we had ample warning.

Some hon. Members: Hear, hear!

Mr. Harries: What is the government doing? What suggestions can be made with respect to the problems of technological adjustment? I suggest that this government is pursuing good policies enthusiastically and with vigour. In my view, the technologically unemployed bear an unfair and unreasonable share of the cost of our affluent society. I hope the government will continue to do as it recently did, announce that more funds will be poured into retraining and into those programs which are directed specifically to meeting the needs of those who bear, as I have suggested, a completely unreasonable share of the burden of change in our society. In Edmon-

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ton alone, last year the government spent \$2,880,000 on retraining and \$3,305,000 on allowances incidental to this retraining.

● (9:00 p.m.)

With respect to the slow-growth areas, the government has recognized that federal investment alone cannot do the job. It is clearly folly to spend capital funds on projects which do not provoke revenue and can only result in the imposition of large annual service charges. Employment arising from expenditure of this type is economically cannibalistic. At the same time, capital contributions to private industry are not the answer, per se, to rising employment opportunities. Let us face the facts. The industrial projects undertaken by the Department of Regional Economic Expansion amount to a pretty mixed bag. Payments to build a cattle-feed lot in Alberta can by no stretch of the imagination be justified economically. On the other hand, assistance to develop new technology in the building industry could have a profound effect throughout the country and is the kind of investment which should be undertaken.

I would not want to be unfair to a new department which has an important and difficult job to do, but I suggest that capital funds, even when made available in co-operation with industry, are not likely to be the answer in the long term. Quite clearly, they are not the answer in the immediate future. More attention should be given, now, to encouraging competitive production through payment, if necessary, on a cash basis for specific production inputs. For example, there is presently a strong world market for ships. We have steel, we have men, we have yards. Surely we do not need to wait upon the Japanese, the Germans or the British to show us how to put these things together into tankers and cargo ships. There is no need for us to design the wheel, but what we need is some enthusiasm and some push. We as Canadians have an odd outlook which seems to demand that government be the only customer for major capital goods if government is providing some of the money. This is self-defeating paternalism which I hope we can cast off.

Lastly, on the matter of the general economic slowdown, it is clear that government policy has been workmanlike if, at the same time, unimaginative. Indeed, if the government can be criticized for its monetary fiscal policy it can be argued it has been too often persuaded by the plodding arguments of the opposition. The conventional wisdom respecting the position of the central bank, the budget and specific tax items is hard to ignore, but I for one hope we shall not have to wait too long before specific taxes are recognized not only as productive revenue sources but also as a key factor in economic policy. I see no reason, for example, to continue to impose the federal sales tax on building products.

Some hon. Members: Hear, hear!

Mr. Harries: Similarly, this tax applies to a number of other quasi-capital items. Surely at a time when we are looking for specific developments we can use or, if you wish, manipulate this kind of tax to the benefit of the