

*Economic Conditions*

point one has to ask oneself whether the policy which has been followed, since it has produced three serious bouts of interest rate fever, and the imposition of even higher rates further restriction of the money supply and a policy of extremely conservative fiscal policy, are appropriate to the position in which we find ourself.

Again, I could make a partisan political attack on the inactivity we have seen from the government. I think the inactivity which we have seen calls for it. We have had an extraordinary performance by the Minister of Finance. I am thinking of president Kennedy's book called "Profiles in Courage". The Minister of Finance has neither a profile nor courage. There is no evidence that he is prepared to take his case to the Canadian public. There is no evidence that he is prepared to take his case to the western provinces or to the eastern provinces or to go to the people of Canada to explain the policy which the government is following. He has not done that. It is almost as if we have an invisible policy and an invisible Minister of Finance. The assumption is that the policy will somehow sell itself or that the problem will go away. Sometimes when we speak we reveal things we do not mean to reveal, and when the minister said, "This government has an anti-inflation posture", I thought it was a beautiful expression of the government's position. The government does not have a policy, Mr. Speaker, the government has a posture. It is with the posture and with the policy I want to deal. It is a common thread which unites Margaret Thatcher's England with Giscard d'Estaing's France with president Reagan when he becomes president of the United States. It is a similar policy. The minister can take comfort, as he often does when he comes into the House and says, "I went to a meeting of the IMF. Everybody is doing the same thing. They all agreed with us".

**Mr. MacEachen:** What about Helmut Schmidt?

**Mr. Rae:** The minister says, "what about Helmut Schmidt". I will deal with Helmut Schmidt momentarily, Mr. Speaker. But I ask, what is the unemployment rate in Helmut Schmidt's Germany? There is no comparison between the level of unemployment, the German economy and our own.

There is no comparison between the level of undercapacity in their economy and our own.

**Mr. Lalonde:** They ship them to Turkey.

**Mr. Rae:** The Minister of Energy, Mines and Resources says they ship them out. That was true in 1974, but it is not true today and the minister should know it. He should know better than to make that kind of a blanket statement with respect to the policy of the German government.

What is the nature of the problem? The nature of the problem in Canada is that essentially we have a colonial and a branch plant economy. The problem is simply being perpetuated and compounded by policies which the government is following. If we look at the importation of inflation and the underdevelopment of the economy, the fact that we do not have simply frictional unemployment or cyclical unemploy-

ment—unemployment which comes and goes with undercapacity in the economy—we find we have tremendous levels of structural, permanent unemployment and one has to look at the nature of the economy and the nature of the economic structure in order to get at the answer to those problems. That is not what the minister is saying. He is saying that if we continue on what he calls this middle path, doing a little bit here on the one side and a little bit on the other, somehow we will resolve these fundamental contradictions. But I do not see how that is possible. I do not think that it is possible. How is it going to be possible?

The hon. member for St. John's West pointed it out. We pointed it out to him when he was minister of finance. We pointed it out when he was in committee defending the policies of governor Bouey, we pointed it out when we went through the second fever. Of course, we have a huge current account deficit. Of course, we are in debt to the rest of the world. Why are we in debt to the rest of the world? There are two basic reasons. First, we import so much finished goods and machinery. In 1979 there was a \$17 billion deficit. Second, we export so much of our dividends and debt payments out of the country. Why do we do that? We do that because essentially we have a colonial economy.

How do we break the pattern and the cycle? How do we engage in a new policy which will make it possible—not to find an instant solution because no one in this House is putting forward an instant solution. The minister cannot come in here and say there are no instant solutions or no easy answers. Of course not. But the question he has to ask himself is this: is there some hope that at the end of a policy which takes five years, ten, 20 or 25 years to plan for the future of our economy, it will lead to greater independence? None of us in this party whose roots are so international would think even for a moment about getting off the end of the world, which is the kind of rhetoric the minister talks about. That is not the question. The question is, how can we in Canada attain the same level of independence as they have in Japan, in Britain or in Germany? The minister was quite right when he said to the hon. member for St. John's West there is no comparison between our economy and theirs because their economy is much more independent of the American economy. They do not have this capital market interlink. They are not a colonial economy in that sense. All we can say is "Hear, hear!" The question is, how do we get to being that kind of an independent country with that kind of independent economic policy?

**An hon. Member:** Political will.

**Mr. Rae:** Political will is part of the answer. Part of the answer is to have a sense of monetary policy which allows you to break the cycle. How do we break the cycle? I suggest we break the cycle by following an interest rate policy which relates to the inflation problem in Canada and relates to the needs of Canadians and the needs of the domestic economy. If we follow an interest rate policy which will have an eventual effect of overvaluing the Canadian dollar, I suggest to the minister, although I know this is not a fashionable time to say