

Productivity and Trade

check on the efforts of the private business sector to get this country out of the recession.

Look at the indicators at the end of last January. Our economy started to move out of the recession in the first and second quarters of 1975. It was checked immediately in the last quarter, and the only thing that keeps us afloat today is the fact that our neighbour to the south, the United States, is still increasing its productivity, which is buoying us up. I know that this price and wage control is also inflationary. It even legislates the amount of inflation, 10 per cent, and it does not do anything to cure inflation.

The basic causes of inflation are well known. This is a posture the government has, and the technique of the Prime Minister is simply confrontation. Confrontation with labour and with business is the key. I would suggest to the government that it should face up to the facts. The country is concerned about the economics of this nation. The government should realize it has put the country into the wrong posture. It should change it toward one of expansion, using an expansionary period to get extra productivity. Productivity can come in many ways. It can come by bringing interest rates down.

● (1620)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but the time allotted to him has expired.

Some hon. Members: Carry on.

The Acting Speaker (Mr. Turner): The hon. member may carry on if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I shall not abuse the privilege I have been given, Mr. Speaker. I just want to say there are many ways to increase this productivity. I am sorry the Minister of Labour (Mr. Munro) has left the House, because the way to get productivity out of labour is not to drive or force it. The same thing applies to business. You do not get anywhere with business, labour or Canadians generally by driving them. The only way a Canadian responds to a challenge is by leadership. Labour and business know they have many faults and they know that their extremes in the past few years have been part of the inflation problem, but there must be leadership of a positive nature.

I had intended to read a long list of ways in which to increase productivity, but I should like to conclude simply by saying that on the question of trade performance, for 12 years this government, regardless of its leader, has let the nation down. What we tried so hard to do under the leadership of the hon. member for Prince Edward-Hastings (Mr. Hees), and to a lesser extent some of the rest of us, was to turn the country into high gear on the manufacturing and resource side in order to obtain world markets. We have watched all our efforts to get this nation enthusiastically behind this drive disappear over the last 12 years. We are in the same situation now.

I have suggested to the government that the answer, contained in recommendations made to the government by

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

royal commissions and people around the world, is in two or three simple things. Turn your tax system around and give an incentive in the form of everything in the tax system to productivity either on the part of the workingman or the man who invests capital; give incentive to the man who saves money. In this way you will get productivity and we will get at this question of inflation much more easily. It is a separate problem, even if it is related. If our country is growing we will know in our hearts we are meeting the real needs of the people of the world and not only of Canadians. At the same time, we will have a feeling that we are getting ahead faster by working hard and growing than by living in a country that is moving toward more and more restrictions.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I am very glad the hon. member for York-Simcoe (Mr. Stevens) has put down this motion today regarding trade, because I believe what is happening today in respect of Canada's trade picture, and what we will see happening in the future unless government policies change concerning the borrowing of billions of dollars in capital markets, and so on, is that there will be created for this country the most serious economic problems we have ever had. We have in this country really serious economic problems.

As we know, Canada is a country dominated by foreign investors. In many ways we are nothing but an economic unit and cannot make the decisions we must make if we are to turn this country around and provide jobs for ordinary Canadians. I look, for example, at the latest trade figures which came out in January, which show we had a trade deficit in Canada of \$309 million, up from \$91 million in December of last year. Importations in this country went up by 7 per cent to a record \$3.1 billion. Exports declined marginally to \$2.85 billion. What is happening is that we are seeing a trend in this country of exports dropping, and when exports drop there is an increase in unemployment. We have a government program of wage and price controls that is effectively bearing down primarily upon the workers in this country. If we put it all together, we will have in the next year or so an increased unemployment rate and more problems than we have today.

I think the time has come when we must have a reassessment of our economy in general so that we know where it is going. I think we must look at the situation in the long term. Certainly the short term is important and there are things we can do today, but in the long term we need an industrial strategy policy, a national industrial plan in which all parts of the country can play a much greater role. I look, first at what I think is the prime error that has been made in the past, which was touched on by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). Primarily, we are a resource exporting nation. We export our raw materials and import finished goods. That alone means that we export business, which creates more unemployment in this country. When we have this type of branch line economy it means that if other economies are in trouble in the world or are suffering from a recession, we will be hurt because they will cut back on their purchase of our raw materials and unfinished goods.

All the taxation policies of this government in the past have been geared toward helping the resource section