

be very unlikely if there were strong direction from the Department of Finance or the Bank of Canada, they would have to explain to the people in their province why they are bringing in \$50 million that will enhance the value of the Canadian dollar to the detriment of the firms they themselves are supplying. We will have to consider and have full and frank consideration among all parties in this House on a resource policy that puts a ceiling on our nonrenewable resources.

**Some hon. Members:** Hear, hear.

**Mr. Kierans:** We have to consider rationing and saving them. We have to realize that the demand for them is not going to disappear because they are the one factor that is declining in the world and on which everybody's growth depends, including the Japanese, the Americans and the Germans. Our resources improve with age and become more scarce and valuable with time. Why are we in such haste to throw them all out without any taxes and without any return in profits when we do not own them?

**Some hon. Members:** Hear, hear.

**Mr. Kierans:** Either we do that or we demand that a greater quantity or portion of them are processed and further converted within Canada in order to provide the employment that processing and converting entails.

We have to stimulate this economy with more than just this rescue operation for the firms that are in the forefront. We have to stimulate it with tax cuts, not tax cuts as the Americans are doing and as we have given to corporations over the years, but tax cuts to those in the low income groups who will spend it today on things that are made in Canada such as food, housing, shelter of all kinds and clothing.

**Some hon. Members:** Hear, hear.

**Mr. Kierans:** It might be worth noting that in the past 10 years the following changes have taken place almost imperceptibly. They have nothing to do with any particular government. In 1961 and 1962, 35 per cent of the tax revenues collected by the federal government came from persons. Of the taxes it now collects, 41.4 per cent come from people and most of that is taken off on the day they receive their cheque. On the other hand, 10 years ago 23.5 per cent of all money collected in taxes by the federal government came from corporations. Today that has decreased to 19.5 per cent and will decrease even lower when we put through some of the things being asked of us.

**Some hon. Members:** Hear, hear.

**Mr. Kierans:** There is just one other matter I would like to point out. The whole theory of economics depends on the fact that young people can work their way into an economy, find the savings, establish themselves and then go on to grow. The whole tax policy has worked against young people breaking into any kind of industry for their own account and virtually the only option left open to university graduates is to work either in bureaucracies

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that are public or bureaucracies that are private. If we have any money left over, we can use that to stimulate the economy by increasing the standard of living for the old people. They also will spend it here. They did not have all of the advantages in raising their families that we presently have for our young people.

**Some hon. Members:** Hear, hear.

• (4:40 p.m.)

**Mr. Kierans:** All of this will run down the value of the dollar, and this brings me to my main point, the point which I consider to be the important one. Canadians have always taken a false pride in a dollar which was set somewhere near the value of the United States dollar. I can think of no greater false pride than that. Dollar values are the relative value of two currencies measuring the productive capacities of two economies. Without casting any aspersion on management or workers in our manufacturing industry, they can in no way produce to the same extent as the Americans can. American industries and labour start off with a market of 220 million people while ours start off with a market of 22 million people. They start off with vast pools of capital and ours with much less because savings in this country came only after the income tax was introduced, not before as in the days of the Harrimans, the Rockefellers and the Carnegies. There is no way in which we can compete with them; the differential may be something as large as 15 per cent in productive terms, not because we are 15 per cent less efficient, less productive, less enthusiastic, but simply because the cost of running a country which is bigger than theirs is much more when it is divided among 22 million people than when it is divided among 220 million people.

What I feel we need in this country is the realization that we ourselves are facing the very crisis to which Mr. Nixon was addressing himself. Its resolution will demand a meeting of minds—not just meetings between governments—at all levels, between federal and provincial authorities as well as between labour and business. The long run effects of U.S. measures will inevitably be more protectionism and we ourselves must develop an economic policy which is peculiarly Canadian. Such a policy will only be effective if all the elements in Canadian society co-operate. It must obviously be expansionary and it is evident that if we expand the economy, if the value of the Canadian dollar declines, this will run counter to the objective of the United States in imposing all these new measures. We must insist that employment is our national objective and while we are not as good at wrapping ourselves in a flag as President Nixon was when he criticized the obscure gnomes in Zurich and the speculators who were attacking the American dollar, while we cannot really appeal as other countries do to that kind of patriotism, because by nature we are suited to it, we can still have national objectives to which all of us subscribe. Let other people define this as nationalism if they wish; I find that most people who accuse nations of following the nationalistic policy are themselves just as nationalistic only they call it patriotism.