

*Employment Support Bill*

are large inflows of capital into Canada. Even though this capital produces many goods for export, all too often it produces very little in the form of gainful employment for Canadians.

We now have a very severe upward pressure on the Canadian dollar occasioned by the large outflow of exports of raw materials. The government now finds itself face to face with the consequences of its own economic policies of recent years, and this pressure is one more indictment of the very bad policies the government has been following. As a result of the policies that the government has been following over the past 15 to 20 years, many Canadian industries have been placed in a very difficult financial position. We must also recognize that unless we find an early solution to some of the problems facing Canada and other nations, it is possible that a trade war will develop. We must do everything to ensure that such a war is avoided. At the same time, Canada must take a very firm stand on some of the problems facing us and see that Canada's interests are protected in international negotiations.

During the second reading debate, I suggested there were two major points that should be noted by members of the House. The first was that the economic policy which the government has been following is now in a shambles. The fact is that one of the basic assumptions upon which the government's economic policy was based has now been shown to be false. The assumption was that in late 1971 and early 1972 there would be a significant upturn in the United States economy, and that there would be such an overflow of benefits that the government ought to take them into account in considering a policy for Canada. This has now been shown to be completely false.

• (4:20 p.m.)

Certainly, the United States has taken action to gear up and step up its economy, but those actions have not been in Canada's interest and are not going to be to Canada's benefit. Certainly, it is just the opposite. This indicates that the government was on a faulty course, and it shows the government was not thinking of Canadians first, as it should have been. I think it was a false assumption and one for which this government stands to be severely condemned.

Second, we have also had demonstrated to us the heavy dependence of Canada on the United States economy and the fact that we have a high degree of foreign control over our own economy. This locks us in, in many respects, not only in terms of corporate operation by government policy. If the government attempts now to tamper with the export of raw materials, which I think it certainly will have to consider, this will affect Canada's relations with the United States. We have put ourselves into this box. The government's faulty course of action has led this country into a trap by allowing our economy to become so heavily dependent on the U.S.

I note that we now have the Liberal party climbing on the bandwagon of Canadian nationalism, as it is sometimes called. However, I think some of the statements made in recent days by the Prime Minister (Mr. Trudeau), and other spokesmen on behalf of the government, are going to sound rather hollow to many Canadian people. It

[Mr. Burton.]

seems to me that Canadians are not going to be easily fooled by the statements of the Prime Minister and others that we now have to do something to gain control over our economy and to make sure we are the masters of our own destiny. How can they say this honestly, in a forthright manner, in face of the policy vacuum which existed in recent years? The government has held off for months and even years producing this policy statement on foreign ownership. Certainly, I do not think these late-in-the-day statements from the Prime Minister are going to go down very well with the Canadian public.

There are a number of policy steps which could be taken by the government that would be of very real benefit to Canadians in present circumstances. Let me briefly mention some of the points I feel should be considered by this government. One of the first, and the most important, is to take all possible action to lower interest rates in Canada. The government has maintained in recent days that it has taken action to lower interest rates in this country, and I cannot argue with that. At the same time, however, it will have to be recognized by the government that it is still following a tight money policy. Certainly, the current level of bank and interest rates in this country have been acknowledged by the Minister of Finance (Mr. Benson) and other government spokesmen, to represent a tight money policy. This fact has to be recognized by the government. The government will have to take further action to bring about a lowering of interest rates in Canada with the consequences which will flow from such action. The government must also take steps to slow down capital movements into Canada. This is certainly one of the things that does create imbalances in our exchange rates and our balance of payments situation.

Third, the government urgently needs to adopt expansionary fiscal and monetary policies to a greater extent than it has up to the present time. The answers of the Prime Minister in the House during the past few days were very disappointing in that he failed to indicate in any way that the government was prepared to take any real initiative in dealing with the unemployment situation in Canada. He seems to be more interested in shadowboxing than in taking any concrete measures.

Fourth, we must have more monitoring of foreign-owned subsidiaries in Canada. This is something which has been advocated on many occasions. Many questions have been asked in the House, and the government has had special studies commissioned by some well-known experts who came up with the recommendation that an agency should be established to monitor foreign-owned subsidiaries in this country.

Fifth, we must give consideration to levying a selective export tax on our raw materials. I hope the minister will note the manner in which I phrased that suggestion: we should give consideration to this. I recognize that when dealing with different commodities there are various pros and cons which have to be taken into account, but certainly this is one of the possibilities that should be mentioned in the negotiations the government will be conducting.

Sixth, I suggest that some definite steps should be taken to assist both agriculture and fisheries under present circumstances. Such provisions are absent from the present legislation, and I will come back to that in a few moments, Mr. Speaker.