

• (2050)

In any event, when it comes to the whole question of the current economic picture, I believe there are two huge hurricanes which have not been taken account of in putting together this economic package. If I could go back to the notion of how weather is predicted and how economics are predicted, there are, as I said, two huge hurricane-type storms taking place within our particular economic weather picture, and they are not being taken seriously by most of the economists who are telling us which way to go. One of those storms is the linkage we now have with the developing world, a group of countries that not so very long ago were powerless to compete with North America, Europe and so on. This great economic storm centre is moving into our economic weather pattern, and it is not being taken seriously enough. Another huge economic storm centre, one which has been using up world resources at an unprecedented rate, is that of the armaments race. Yet, interestingly enough, when we come into the House of Commons rarely do we hear about those two factors which have such a great influence on things taking place in this country, and which in part are responsible for the man in North Battleford, Saskatchewan or Windsor, Ontario, having to pay 20 per cent interest to buy a house. It is because of these two factors in the economic world, and the influence they are having, that one economist told me last week, a man whom I greatly appreciate for his understanding, that he does not know what is happening. He does not know where we are going. That is a problem the world community must face. I think what is important is that we look seriously at these factors as something which will change the traditional way in which our economies have worked.

Now, Mr. Speaker, on the question of linkage between countries around the world, I would say we are in a situation not unlike the situation which took place in the Montreal forum ten years ago when the Russian national hockey team came to Canada to play the Canadian national hockey team. Canadians knew that Canada could beat the U.S.S.R. We would just go down and laugh at them as they lost. If anyone remembers the first game and the kind of feeling we had inside after the game ended, you knew that the simplistic idea that Canada was the best hockey country in the world was over. Now we can go back and make up new theories about why it happened, but the fact was that Canada's national hockey team had been beaten in Canada by another country's national hockey team. I can remember the shock that was felt by every Canadian that week as we struggled through that very interesting hockey series. What is happening now in our economic world in Canada is not unlike what we lived in, in the hockey world, prior to that game.

I do not believe, for instance, that the automobile industry in North America, which was so solidly implanted here, will ever be quite the same as it was before the Japanese became the world's automobile maker. The auto industry may blossom again here, but it will never really be the same. There has been an economic hurricane, Mr. Speaker, which has changed forever our way of looking at the economic picture. In the

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report of the parliamentary task force on North-South relations, on which I worked a few years ago, there is a recommendation contained in the last section under trade which is extremely important for Canada today. We recommended that the Government launch immediately a major public inquiry into the industrial sectors which are likely to be at a long-term competitive disadvantage in relationship to developing countries, with a view to developing effective adjustment measures. These adjustment measures are hard to accept because it means that the old way is over and a new way has begun.

The other economic storm, the armaments race, costs \$600 billion a year. We are talking about \$4 billion here tonight, and that is an impossible number to imagine, but \$600 billion is what the world is spending on arms today. The two major powers are, in a sense, causing their economies to break down because of this race. The armaments race itself will lead to nothing except the destruction of the world. As we face the reality of the economics of the family down the street, of friends or neighbours, I think it is important that we understand where a great part of the problem comes from. I am going to make a few points about the amount of money that is taken out of the common pool and put into this area. I am no economist, that is obvious to everybody, but I know a few rules about what makes some things work. I think one market rule is that if you are short of a commodity, the price goes up, so if you are short of money, the interest goes up; it costs more to get money when there is not a lot available, and it costs less when there is money available.

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One of the areas where money is being sucked up, we might say, at an incredible rate without any responsibility for what is happening to it, is in the arms race. The Pentagon is the centre of the arms race on this side of the world, but the same would be true on the other side of the world. The War Department, the patron of nuclear war, is the most powerful institution in history. As I understand it, there has never been an institution with as much physical power as the Pentagon. It has been estimated that the Pentagon has \$1.5 trillion in assets. That is more than the total of all corporation stocks on the New York Stock Exchange. That is a shocking statistic, Mr. Speaker. It has 3,970 installations, an average of 80 for every State in the Union; it owns 25,000,000 acres of land; controls 400 major bases and 300 lesser bases in nearly every country in the world; it has 350 bases bordering the U.S.S.R.; it has 1.5 million military personnel in 116 nations; it is the largest consumer of capital and technology in the world; more than 60 per cent of all research and development funds in the United States go to the Pentagon or to the military; and more than one-third of the engineering personnel and scientists graduating from the universities go to the military.

These funds, taken from the economies of the world today, flow right into the life of every person. This affects me, it affects you, Mr. Speaker, and it affects everyone else because it makes money hard to get. At the same time, it deprives us of development funds that could be used for the good of the world.