We should also note that President Nixon made it clear there is not going to be any excess profits tax applied in the United States and that probably action would be taken to control interest rates. This would make it all the more necessary for Canada to take action to control our interest rates; that is, if we are to obtain any sort of satisfactory economic balance.

I suggest, Mr. Speaker, that the high interest rates in Canada have helped boost our exchange rate, making things more difficult in Canada in many respects. For example, it has increased costs of many Canadian businesses. Actually it has affected every sector of the Canadian economy. I think it will be difficult to find any one single action that could be taken by the government at the present time which would have as significant an effect as the suggestion I have made in reducing costs. The lowering of interest rates in Canada would, I suggest, significantly reduce costs in all sectors of the economy.

My second point is that we must consider ways and means to slow down capital movement into Canada. One step we should take in this regard is to stop making grants to foreign owned and foreign controlled firms. This would help slow down movement of capital into Canada since such capital is not our primary need at the present time. In addition, consideration might be given to imposing a tax on capital inflows of this kind, particularly in view of the undesirable effect such inflows may have at the present time.

Thirdly, I suggest that we undertake expansionary fiscal and monetary policies. This subject has already been dealt with by other members of my party. One of the priorities should be tax cuts for people in the lower income brackets. This might embrace a number of different taxes. The government should take action to boost its own expenditure and public investment in order to stimulate the Canadian economy.

The fourth step that should be taken is the monitoring of foreign owned subsidiaries in Canada. This is a necessary step in view of the immediate situation this country is facing. What is the government doing in this connection? Recommendations have been made to the government on many occasions, including recommendations by some of the government's own advisers, such as Professor Melville Watkins when he was advising the government a few years ago, but the government has never seen fit to act on those recommendations. As a result we do not know what the government is going to do, since it has never pronounced itself one way or the other.

Fifth, I suggest we should give consideration to levying a selective export tax, which would be one way of extracting money from some of the oil and gas companies that are not making their appropriate contribution to the Canadian treasury at the present time.

Sixth and lastly, I suggest some definite moves should be taken to assist both agriculture and the fisheries in the present situation. These industries are in a desperate position. They have been hurt badly in many parts of this country and are facing a very difficult cost situation. Simply once again to leave them to bear the brunt of the current problem is not showing them any kind of equitable consideration within the government's policy framework. This is why I am particularly glad that my colleague the hon. member for Waterloo moved his amendment, and I intend to support it.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, yesterday in this House the hon. member for Duvernay (Mr. Kierans) made a number of statements and emphasized the need for long-term measures. In his presentation he made a number of points with which I, personally, do not agree and I should like to make some observations upon them.

Without question his speech was very well organized. It was original, stimulating, and commanded the attention of members on all sides of the House. I suspect that this is the role the hon. member most particularly enjoys—that of bringing major public issues into a public forum and raising the level of the debate itself. I am proud to belong to the same party as he, though I do not always share his views. Nevertheless, I think all of us recognize his deep intelligence and social conscience.

However, it seems to me that the analysis which he presented to the House yesterday is a dangerous one. In the first place, by his own admission, Canada is more vulnerable than perhaps any other nation to measures that restrict the flow of international trade. Therefore, we cannot arbitrarily place barriers against the flow of materials which are vital not only to our neighbour to the south but to our own economy. In the second place, I believe the hon. member stated some half truths when he spoke about contributions by way of taxes from resource industries in the export sector. Third, and most importantly, I believe that the kind of analysis that the hon. member presented contributes to a dangerous economic isolationism which perhaps finds its most extreme expression in some members of the New Democratic party who so avidly applaused yesterday those sections of the hon. member's speech.

• (2:50 p.m.)

As to my first point, Mr. Speaker, I have heard the hon. member for Duvernay argue in previous circumstances that something like 25 per cent of Canada's gross national product is derived from export industries. On a per capita basis, we are one of the world's greatest trading nations. We absorb 28 per cent of the exports of the United States, though we are one-tenth the population of that country. The converse of this, however, is that we are also the most vulnerable of nations. This is not to deny that other nations are vulnerable—Japan and Germany are equally so. Reduction in exports will have a small impact on the gross national product of the United States. Indeed, it is estimated that only some 4 per cent of their gross national product is derived from export industry. A reduction in exports of Canadian products, however, will have a severe effect on our employment. If any nation in the modern world has a strong economic interest in the preservation of international trade, stable currencies and a reduction of barriers to trade, that nation is Canada. I believe the Minister of