

February of 1980 we have created an unbelievable demand call on our foreign exchange reserves. This works against the acquisition of shares from foreign owners and against the acquisition of resource companies which were at work in creating payrolls in this country. When we buy that foreign ownership, we do ourselves a disservice and we place upon ourselves a tremendous demand for our dollar to fall and for our interest rates to climb in order to maintain a balance in the international account. As a result of that program, we have created in the last two years some \$20 billion of demand on that international reserve account.

How can we quiet down the liquidity as capital moves from one country to the other through that account? I would say we do not have to put on foreign exchange controls. There is a very simple way to do it. We had in place a 15 per cent withholding tax on interest paid to foreign account owners. If we want to take the liquidity off that movement and give ourselves some relief in terms of interest rates, I think we should look seriously at applying that withholding tax again and increasing it probably to the 30 per cent range for anything less than a 60-month call at point of inception. In that way I think we probably could take a very large percentage of the liquidity of call and the demand of call off that international reserve account, and we would find we could then start to move our interest rates downward.

I do not think we can realistically move our interest rates in this country below the inflation rate, although there are some economists and one or two of the more progressive thinkers in the world of international banking who say it is possible, as has been done in Switzerland, actually to manage our own domestic interest rate if we do control and protect our monetary system.

We in this country have prostituted our monetary system. We have printed more money than the growth of the economy called for and, as a result, we have weakened the purchasing power of our medium of exchange. I go back to my early schooling—and that is a long way back—and I still remember the warning in those days. We were warned—at least I was warned in school—that the fiat money system is something which will not work over the long term because political forces in a democracy cannot be trusted. I am not blaming the Liberal government entirely for this. I just think it is the bidding game we have on the attitudes and minds of the Canadian public which causes politicians to promise more than the work force of the nation can truly afford. When we do that, we weaken our monetary system, to the point now where I have heard the call again, and I am surprised to hear it from my colleague, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). He is calling again for a fine metal or a gold standard measure in order to return our medium of exchange to some form of honest measurement rather than let it remain at the whim of the politician serving and bidding and catering to the unrealistic anticipation levels of Canadians at large. It is this attitude and expectation level we have to address, and I think the monetarist policies are addressing that because the expectation levels are coming down to the very

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dangerous level where even the right to private property, home and building is being attacked.

● (1540)

I will probably be booed and jeered by members on the Liberal side for saying that the November 12 budget is a deliberately designed attack on the individual's right to own property in the Canadian system. I consider that to be a very serious thing. It is a resolution which is being brought about mainly because there is no sense of outrage in the country and very little of it in the House, except for what happened two weeks ago. It is that lack of outrage that has taken us away from the standard of excellence which we used to meet with such great pride.

I listened to the Minister of Finance (Mr. MacEachen) say for two years that we could solve the problem of inflation in this country through increased productivity. Mr. Speaker, productivity cannot be increased under the present taxation system.

**An hon. Member:** Oh, oh!

**Mr. Huntington:** Mr. Speaker, the hon. member should open his mind; it is absolutely locked. Productivity cannot be improved in this land nor can we address the \$20 billion deficit in our international trading account in fully manufactured goods, under the present taxation system. My party knows my views on this subject and does not necessarily support what I am about to say.

As the hon. member for Ottawa Centre (Mr. Evans) the former parliamentary secretary to the Minister of Finance, knows, the Ottawa Board of Trade financed a research project under an economist, Mr. John Ferguson, who at least was creative. He found that we cannot move ahead in this country and address the world competitive marketplace and deliver our Canadian productive system into that marketplace by continuing to tax profits.

This country needs \$1,400 billion of capital between now and the turn of the century if it is not to go back to the wigwam. Sometimes it seems that is where we are headed. If we are to move ahead as an industrial society and address our distribution problems, then we must generate our own capital rather than borrowing from other countries. We will have to stop this excessive taxation of profits and stop legislating a taxation and fiscal policy that is a disincentive to those who have the ability to create and manage payrolls.

Because there are no incentives in this country today, people are inclined to sit on their money and draw high interest. Those who are prepared to risk their money on innovation, to risk capitalizing ventures and modernizing ventures in the marketplace, face too much government regulation and too much trouble. In my own business I have been waiting for nine months for the Department of Industry, Trade and Commerce to agree or disagree with five items so that we can move ahead to cause growth and increase productivity, while reducing the wages cost in our program. We are delivering ourselves to that kind of dilemma because the bureaucracy will not be able to