

ment is it any wonder that this government is incapable of controlling inflation?

Some hon. Members: Hear, hear!

Mr. Hees: Because of these alternatives for spending the \$300 million which lowering taxes to manufacturers and processors cost the remainder of the taxpayers of the country in a single year, the money that the minister has handed out to manufacturers and processors has not been spent in an effective manner and his and the government's objective of increasing production to the desired level has not been achieved. Inflation, as we know only too well, has continued to rise at an ever-accelerating rate.

What is needed to get the economy moving at the necessary accelerated pace to stop this steady increase in inflation? If a government wants businessmen to do something which it believes necessary for the good of the country, it must not simply hand them a gift in the form of a tax reduction and hope that they will make use of that incentive in the way the government would like them to do. That just does not work, and I speak from 20 years' experience as a manufacturer and six years' experience in dealing with businessmen as a member of a government. What a government must do is to tell business what it wants to accomplish, and that it will reward efforts to bring about that aim in direct proportion to the effort that is made.

Some hon. Members: Hear, hear!

Mr. Hees: To increase production by the very substantial amount necessary to bring it up to the level of today's greatly inflated demand, the government must introduce incentives to bring about five important things. The first is lower labour costs, the second is increased productivity, the third is more research and development, the fourth is more export sales, and the fifth is more processing of primary products here in this country.

I outlined, in some considerable detail, my ideas for introducing practical incentives to induce substantial improvements in these fields when I spoke on this subject at the University of British Columbia on October 11 last, and I sent copies of my detailed suggestions to the press and to the Minister of Finance. The minister was generous enough to tell me that he found them very interesting indeed. Time does not permit me to outline the details of these proposals to the House today, much as I would like to do so, but I would be very glad to send a copy of them to any member who would like to have one.

In conclusion I say to the government and to the minister: either adopt the proposals I have made for increasing production or, if you disagree with those specific proposals, then bring in ones which you consider to be preferable to them. One thing is certain, and that is that inflation will only be cured by the introduction of incentives to bring production up to the level of the greatly increased money supply that the government's policies have brought about. There is no other way to do it. This must be done. If production does not rise to that level, we will simply keep on bidding against each other for the short supply of products available to us and the price level of those products will continue to rise at an exorbitant rate as the bidding goes on and on and on, as it is today.

The Address—Mr. Davis

● (1240)

The time is long overdue for this government to stop gazing with a blank stare at the Canadian economy and professing that nothing can be done, as it has professed for the past two or three years. It is time for the government to deal with the country's No. 1 problem. Mr. Speaker, I say this to the government: if you cannot deal with this problem, then move over, because we most certainly can.

Hon. Jack Davis (Minister of the Environment and Minister of Fisheries): Mr. Speaker, I want to say a few words today about a very important subject, one that has not received the attention it should, especially from Canadians. This is the subject of ocean policy; it is the important subject of the extension seaward of Canada's limits, Canada's opportunities and Canada's responsibility.

Mr. McGrath: It has not received much attention from the government so far.

Mr. Davis: Coastal states all over the world are making a very good case for the better management of the resources close to their shores. Canada has been leading the charge in this respect. We believe that we have not only made substantial progress in the last few years but will make even greater progress before the end of the seventies.

We are pushing our limits seaward, pushing them to the edge of the continental shelf, to the continental margin, to the margin including the slope. We are extending our resource base and adding to it by between one-quarter and one-third. We are adding immensely to the total area of land and sea for which Canada is responsible. Our area in acreage terms is being increased by 40 per cent over little more than a decade.

This is a remarkable accomplishment. It is remarkable when one realizes that Canada in its land mass is the second largest country in the world. The extension of our area of responsibility on the face of this globe by 40 per cent is a great achievement. It gives rise to many new opportunities in the future and adds immensely to our responsibilities as a member of the United Nations.

Our continental shelf—the shallow waters overlying the shoulders of the shelf, the shoulders of our Canadian land mass—is immense. We have the world's biggest continental shelf and it is the wise management of that continental shelf, both of its renewable resources and its non-renewable or mineral resources, which is vitally important to our future and indeed, to that of all mankind.

Over our continental shelf swim many species of fish, few of which are caught at the present time. We have, off our east coast and our west coast, many of the world's finest fisheries. These must be managed more intelligently. They must be managed on a sustained yield basis and therefore wisely if we are to look after our own food needs, let alone those of countries which need our food-stuffs to survive.

We have only begun to work down the living pyramid of fish resources. We have only been chipping at the tip of the pyramid, taking the most readily catchable species. There are large quantities of fish protein available to us