

Economic Relations with United States

economy in Canada, a branch plant economy that has hobbled our capacity to be productive, which has warped our economic development into a misshapen horror and left us horribly vulnerable to the effects of the United States DISC program, if and when it comes into effect.

This is the government which four years after receiving a report on the danger to our independence of increased foreign ownership of our economy has done nothing to meet that danger. This is the government that ten weeks after the imposition of the U.S. surcharge on imports has taken no effective steps to counteract its effects, even though by its own calculations the surcharge, if left on for one year, will result in the loss of 90,000 jobs in Canada. This is the government which, threatened by wholesale shutdowns of United States branch plant operations in Canada should DISC come into effect, mutters vaguely about contingency plans and which has not presented any concrete measures for the protection of the Canadian economy for discussion by the Canadian people.

This is why the second part of the motion makes so much sense. The second part reads:

—for failing to develop a new economic policy which would strengthen our economic independence and fully employ our growing and highly-skilled human resources.

What do the Tories really mean by those words? Let me quote a passage from a speech by a prominent Conservative recently:

• (3:10 p.m.)

Another suggestion that has been made, which may shock . . . some is that the inevitable answer for Canada is to seek closer economic integration with the United States. There are two sides to that question. Personally, I believe that integration, on a planned and programmed basis, of our economy with that of the United States is absolutely necessary. We have integration now. It happens to be unplanned and unstructured, and it is that lack of planning and lack of structuring that has caused the particular problems of this emergency.

This is a statement by Senator Grosart on October 4. So while the statement in the motion stands as valid, one must question the sincerity of its drafters. There are things we can do and must do right now to meet the current emergency. Spokesmen from my party have mentioned them time and time again, and I will review them briefly.

One of the first steps this party suggested was the reduction of interest rates in Canada, and I am pleased to see there have been some steps in that direction. We have also suggested the establishment of a monitoring agency, similar to that proposed in the Watkins report of 1968 and supported by the External Affairs Committee, to ensure that Canadian subsidiaries of United States corporations do not transfer production to their parent companies in the United States, or elsewhere, for that matter. The third suggestion we have made is implementing very substantial tax cuts, particularly for low income people, in order to increase aggregate demand in Canada. We have suggested the immediate, massive infusion of funds into the field of housing and construction. We have suggested that the federal government should make a serious contribution of funds for building waste treatment plants across the country, both for the purpose of expanding economic activity and for the purpose of dealing with the problems of pollution.

Hon. members will certainly note that none of these measures imply retaliation against United States economic measures. They are measures that Canada can and must take at home to stimulate and build up our own economy, to make it more resistant to measures such as those the United States has implemented. There are also things we can and must do now in order to guarantee the continued independence of this nation. My party has suggested on numerous occasions medium and long-range policies which are absolutely necessary to that end. Again, spokesmen from my party have gone into that time and time again so I have no need to do so now. In fact, time would not permit me to do so.

In summary, it is my contention and the contention of this party that we must now, in the words of the motion, develop a new economic policy which would strengthen our economic independence and fully employ our growing and highly skilled human resources. It is our further contention that a more independent stance on the part of Canada has not and will not result in a deterioration of relations with our friends to the south. If those relations are slightly strained at the moment, if communication is slightly more difficult, it is not Canada which is at fault. That is not to say we should not be seeking to repair any damage that does exist with all the means at our disposal, but how great is the damage? I would remind hon. members that today's papers carry headlines announcing that United States officials are in Canada to discuss the surtax.

I would, therefore, move, second by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the motion be amended by deleting therefrom the words "for failing to employ and improve firm and constructive economic and political relations with the United States, and, at the same time",—

The motion as amended would then read:

That this House, noting the continuing deterioration of communication on the basis of common interest and mutual respect between the government of Canada and the government of the United States, condemns the government for failing to develop a new economic policy which would strengthen our economic independence and fully employ our growing and highly-skilled human resources.

Mr. H. W. Danforth (Kent-Essex): As the House is aware, I hesitate to get into partisan politics, but I have been tempted by the speech we have just heard from the hon. member for Selkirk (Mr. Rowland). He did make some rather harsh criticisms of the hon. member for Hillsborough (Mr. Macquarrie). As a matter of fact, he said his speech was an example of crass political cupidity. In referring to the speech of the hon. member for Selkirk, I think I should substitute the word stupidity for cupidity. I do this kindly because such speeches were heard from one end of Ontario to the other during the election campaign last month which resulted in the demise of that party.

It is not strange for us to hear the hon. member utter words of praise for tighter or closer ties with Communist nations. This is a policy that party has been advocating for years. What is strange is that they have an anti-U.S. policy, to prevent the United States take-over of Canadian industry and, at the same time, their Maritime manifesto refers to the state taking over industries without compen-