

*Productivity and Trade*

● (1600)

This means that we as a nation should recognize we are part of a worldwide demand picture. We must realize that the institutions we have used in world trade over the last few decades have to be altered. I do not propose to review those institutions in great detail, but I shall mention a few of the things that have been done over the last 30 years. We were aware of the international demand for commodities during the last war. Shortly afterwards, the nations of the world not only set up the United Nations but, under the aegis of that institution, established the International Monetary Fund, the International Development Bank and the Food and Agriculture Organization.

Through Canadian initiative in 1961, the world food program came into being. But in the whole of that period, the nations of the world failed to establish an international institution dealing with trade and development. The western nations responded to this gap by moving toward an agreement which became the Geneva Agreement on Tariffs and Trade—GATT. This organization could be defined very simply as a union of the wealthy nations of the world trying to improve the terms of trade on which they dealt with the rest of the world as well as their well-being generally.

Some have described these GATT arrangements among the wealthier nations as a rich man's club handing out crumbs at the gate to those who beg there. That may be an oversimplification of what happened in this field after the war, but I do know that there have been three world conferences, known as UNCTAD conferences, trying to set up a wider organization. But they have failed because of the difficulties encountered with international finance, huge amounts of money which were lent by various governments, leading to the horrendous situation in which we find ourselves today in which the developing countries are saddled with enormous debts together with ever-worsening terms of trade which, coupled with higher interest rates, make it almost impossible for them to escape from the impasse in which they find themselves.

I am not laying the blame for this situation upon the federal government of Canada. It is well known that our nation has made efforts, in the Group of Ten and in other groups, to resolve these problems of international finance. But there are things which could have been done and which we should try to do. The difficulty we are facing is not new to Canada. I invite hon. members to go back a few years. I am speaking of the period in which the government of Canada was led by my right hon. friend from Prince Albert (Mr. Diefenbaker). The same sort of situation faced us then.

I shall be very blunt, as I have been in the past, in saying this. Generally speaking, the advisers to the government of Canada have tended to be restrictive in the advice they give. Some may recall that a recession faced us when we took over in 1957. We fought like tigers to get out of it, and we were getting out of it in 1958 and 1959. Then the advisers to the government handed us a budget calling for higher taxes, tight money and the reduction of public expenditure, a budget which sent us into a worse recession than the one we had just experienced.

At that time, the elected members who formed the government decided they should take a hand in making the

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decisions. In that period, 1959, 1960 and 1961, we ourselves determined the direction in which the country should go. We were the ones who, in that fight with senior management—I refer especially to the governor of the Bank of Canada—were to turn this country toward expansion. If hon. members look at the charts which tell the economic history of our country over the last 30 years, they will find that the longest period of steady growth upward was between February 1961, and February, 1968. This was because the government decided that it had some right, as representatives of the people, to say how the country should be run.

I shall not enter upon a long account of past history. I am simply saying that in my view the present government has arrived at such a point now. The Prime Minister (Mr. Trudeau) is always appealing to us to come forward with some ideas. I try to be helpful to him. I am continually standing up here and making positive suggestions; I am not always happy about the results. In 1964, 12 years ago, I pointed out that we needed new trading institutions. In a speech made in October, 1964, I spoke of the need for Canada, bearing in mind our interest in world trade, to exercise pressure to secure the formation of international commodity agreements which would give producers in all parts of the world a fair price for their products, so that they in turn would have the money with which to buy what they wanted to buy instead of depending on hand-outs from richer nations.

With the support of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) we asked the government constantly from 1963 to 1968 to take a lead in this direction. But history shows that the administration, led at that time by Mr. Lester Pearson, turned its back on the concept of a new institution which would allow producers to receive a fair price for their products and that, instead, it joined with other countries such as the United States in electing for restrictive practices in world trade. I refer to GATT.

There is a further aspect of almost equal importance. Many importing countries need help not only financially but in their trading operations. If we want to sell goods to a country which does not have money with which to buy them, we must help it raise the level of its production and help it sell its goods on the international market. These are not new ideas, but they have fallen out of favour in the last 50 years. We need an international clearing house for short-term and medium-term loans to help finance the movement of goods for short periods, maybe for a few months.

I recall a dramatic moment in this House in the fall of 1963 when the minister of trade and commerce of that day said he was leaving for the opening meeting of the Kennedy round under GATT. My response from this side was, "You are going to GATT, you are taking the best mandarins of the civil service, and you will spend three or four years bargaining over percentages of decimal points. As far as I am concerned, speaking for the opposition, I am going to go to the People's Republic of China," and I used the earthy expression that I believed in going where the pastures were green and the cows were newly freshened. I point with some pride to the fact that in 1960 our total trade with the People's Republic of China was approxi-