

The Address—Mr. Gillies

in 1931, 1932, 1933, 1934, 1935, 1936, 1937, and it didn't work.

No serious student of economic problems believes the sort of thing the Prime Minister was saying the other afternoon—that if we think things are going to be all right, then they are going to be all right. That simply is not true; it never has been true, and it never will be true. The psychological theory of economics which the Prime Minister is advancing certainly is not going to work.

The Prime Minister is telling Canadians that they ought to work harder and get less. For 200 years, Mr. Speaker, the theory has been that you work harder and get more. He said that Canadians are living beyond their means. What does that mean, Mr. Speaker? How do you live beyond your means? An individual cannot live beyond his means because his credit is used up and then he is finished. Even a provincial government—upon which this administration likes to put blame for our economic difficulties—cannot live beyond its means because eventually debts are called.

The only organization that can live beyond its means in this country is the federal government. It can do so because it can print money. The myth that has been spread that inflation in this country has been caused by people wanting too much, by unions demanding too much, by corporations demanding too much, is wrong. The reason we have had so much inflation is that we have a profligate government, an irresponsible government that has never felt it had a responsibility to keep the spending programs it put before the public in proportion to what the country could produce. The federal government has created the problems we face in this country today, no one else. When I see an \$8 billion deficit in this country with 8 per cent unemployment, I know Lord Keynes is twirling in his grave.

How does one make a government responsible when it does not require any backing for the currency it prints? Two thousand years ago Demosthenes said that democracy will never survive because democracy means that people elect those who will give them the most. Once you start giving and giving and giving you will bankrupt the country and it will collapse. The essence of an efficient, operating, democratic system is responsibility on the part of the government. It is a sad fact we have had no responsibility on the part of this government that has had the authority for the past ten years.

The Minister of Finance was correct when he said last night that he did not have much room for manoeuvring. I agree he does not, with an \$8 billion deficit going to \$10 billion, and 8 per cent unemployment. If he hopes to go ahead with the same sort of budgetary policies that were followed by his predecessors, he will fail.

The former Minister of Finance brought a budget down last spring. There was nothing in it whatsoever. I does not make a bit of difference what the Minister of Finance said last night about the economy if what he said indicates the direction of economic policy in the future.

[Mr. Gillies.]

We must recognize what our problems are. They are deterioration of the balance of payments, a huge drop in the exchange rate, and this has meant more inflation. High inflation means uncertainty and low investment; low investment means low employment. What must we do to resolve this situation? \$150 million of make work expenditure programs this winter will do nothing towards solving our fundamental problems.

Of course, I support the proposition that no one in this great country should be allowed to starve or not to have housing. But we need a completely new type of budgetary approach to solve our problems. The government must look at the industries that are the foundation of our strength in this country, at fishing, mining, pulp and paper, and find out what has to be done to make them competitive again so that they can export anew. The government must bring in representatives from all areas to find out what must be done and then go ahead and do it.

We ought to have one of the most magnificent fishing industries in the world, and indeed we have some of the most efficient fishermen in the world. The hon. member for South Shore (Mr. Crouse) made a fine speech in relation to this industry the other day. How is it possible that we can negotiate the 200-mile limit and not be ready with programs for a modern fishing industry which will provide employment in the Atlantic provinces?

How is it that the mining industry has opened only one new major mine in the last five years? Why is it possible, in this country that has the greatest potential for mining of any country in the world, that we import twice as much mining machinery as we export?

● (1632)

How can it happen that we are a net exporter of pulp manufacturing equipment? What has gone wrong? Why is there no industrial strategy in the country at all, absolutely none? If we are to turn our economy around, we have to support those industries where we have a competitive advantage.

We have heard over and over again the litany of problems the manufacturing industries face in Canada. It is alleged that markets are too small, distances are too long, and productivity is too low. The reality is that when we have reasonably large markets such as in auto parts the productivity in Canada is as high or higher than any place in the world. In agriculture no country in the world can match Canada as far as increasing productivity is concerned.

Unfortunately, we do not have a climate created by the government which encourages investment, hard work, and which stimulates people to be as productive as they possibly can.

Perhaps the most incredible situation we are faced with, because of our delinquent government, is in our energy policy. I find it incomprehensible, as I am sure other hon. members do, that the government is still working on a strategy of self-reliance—that we are going to import energy, particularly oil, in the 1980's to meet our domestic needs. We have in