

*Restraint of Government Expenditures*

nomics or finance, and he has to listen to these advisers and mouth in the House what they say. In the answers given in this House, however, there seems to be a great misunderstanding of what is going on in the rest of the world and how rapidly things are changing toward protectionism and the threat of depression.

In my mind, that attitude consists of a one-sided, tunnel-like view that sees only the problem of inflation as being dominant, while neglecting increasing unemployment, the need for growth, for an exchange rate policy that would favour an exporting nation such as we are, instead of handicapping the economy as the present monetary policy practiced by the central bank of this country is doing. High interest rates, which keep the exchange rate up artificially, and the deliberate, restrictive policies being used now by the central banks, do not help our export sector at all. These things are a detriment and at the same time keep us on an overvalued currency in relation to other trading partner currencies.

That is a terribly stupid policy for an exporting nation such as ours to be now pursuing when some 25 per cent of our gross national product has to be sold competitively in international markets. I realize that this is a complex situation and I am probably oversimplifying it, but certainly the things I am stressing need to be stressed somewhere, and it does not seem it is being done by the Minister of Finance. Certainly he is not doing it in this House.

I am very fearful about this, Mr. Speaker, and some people might say the scenario is too pessimistic. But it is a serious thing because everybody mouths the fact that we are a global village and are interdependent, and so on, but we cannot isolate ourselves from what is happening in Europe. Despite the willingness of the president-elect of the United States to stimulate the economy, many prominent economists fear that Germany and Japan will be excluded from these very important markets under the scenario I am describing, namely, the markets of Italy, France, Britain and a great deal of the European Economic Community, so they will try to get a larger share of the United States market.

Despite the good intentions of Mr. Carter, we can see what is going to happen in the United States economy because we know the nature of the democratic process. We have a scenario somewhat like that of the 1930s in which protectionist policies could prevail and curtail in a very serious way freedom of international trade. There is little doubt that as the Japanese and West German economies try to direct more exports into the United States market, a variety of industry lobbyists and pressure groups may force that administration into a more protectionist shell, which is the last thing that it wants. Thus, we have the danger of a protectionist treadmill leading to a depression-like situation. This is not my analysis, Mr. Speaker. Qualified people who have studied these matters in depth are alarmed at policies presently followed by various countries of the free world, including our country.

Let me revert to the situation confronting the Sydney Steel plant. As I described earlier, the plant has been losing money, and the government wasted money left and right on that plant.

[Mr. Hogan.]

A new consortium organized by the province of Nova Scotia may offer hope for the long-term future. The difficulty is that given the international picture which I have just discussed, none of these consortium partners will commit themselves to a 30-year investment until the uncertainty clears up. In the meantime, the older plant keeps deteriorating. Now, about 2,300 men are employed in that plant. That plant, along with the coal industry, forms the economic base by and large of the 126,000 people who live in Cape Breton county.

I have learned, after talking to people whom I trust and who over the years have told me practically everything I know about the steel industry, that two months or even six weeks from now the last order for the rail mills at Sydney will be filled. Why has this situation come about? With the help of the Federal government we have been trying to win orders in Venezuela. The government could not help us very much in Mexico because of the involvement of the international monetary fund. The Canada Export Development Corporation could not help us much in that instance.

What gets me mad is that the CNR, which was going to buy track in order to ship by unit train Alberta coal to the Ontario steel industry, is now cutting back and telling us, "We will not buy any more of your rails." Mr. Speaker, we have orders enough for only two months' rolling and then our orders are finished. I suggest strongly that the Minister of Transport (Mr. Lang), the Minister of Industry, Trade and Commerce (Mr. Chrétien) and the deputy prime minister, the hon. member for Cape Breton Highlands-Canso, should confer with the executives of the steel plant, with the Sydney Steel unions and their research people in order to get us through an extremely difficult winter when the rail mill may close for two or three months. Perhaps between 1,500 and 2,000 people will be laid off as a consequence.

We cannot stand by in this country and let this happen. Sometimes I wonder if the government knows that this sort of thing has a snowballing effect in the economy. I am thinking of what is happening in Cape Breton and in Pictou county, Nova Scotia. In Pictou county there is a factory equipped for producing locomotives, but it will not get locomotive orders from the CNR because that Crown corporation now says it is cutting back on intended expenditures. So you will see huge lay-offs in Pictou county, perhaps as many as 1,000 men—that on top of a serious situation in their shipyards. At the same time, orders in the shipyards are down, so that in the general area you may see between 12 per cent and 15 per cent of the work force unemployed. It is no joke for people in these areas of Nova Scotia. We do not live in an Alberta economy, Mr. Speaker. Only two areas of this country show any kind of prosperity.

**The Acting Speaker (Mr. Ethier):** Order, please. I regret to interrupt the hon. member whose allotted time has expired. He may continue with the unanimous consent of the House. Does the hon. member have unanimous consent?

**An hon. Member:** No.