

*Supply—Finance*

our friends to the south the gravely negative effects of the action of the United States concerning problems of its own, which it envisages vis-à-vis foreign nations and which has such a decided effect on Canada. As a matter of fact the effects of such action are completely contrary to their expectations. We will certainly be very interested to note what proposals the United States may implement with regard to tariff surcharges or border taxes, and anything dealing with the trade problems of the United States and Europe in particular. When their effect on Canada is considered we can only call them an unmitigated disaster.

On the basis of what has been said so far we will want to examine the minister's statement at greater length, and in the debate which will follow my colleagues will be dealing with other aspects of what was said this afternoon. When the proposals are tabled or appear on the order paper we will certainly be in a far better position to comment in greater detail on what has been said.

**Mr. Saltsman:** Mr. Chairman, I was pleased to note that in his introductory statement today the minister said he was initiating a debate on the state of the economy. He has been most conciliatory. He has pointed out that the state of the economy will not be altered by the debate which will take place in the house. I hope that in discussing the points raised by the minister we will have an opportunity to come to grips with some of the basic economic difficulties facing our country.

Over the last year the Canadian economy has to a large extent been tailspinning out of control. The minister has indicated that some of the problems involved are international in scope and beyond our immediate ability to control. We have urged upon the minister in many speeches that he take firmer control of the economy and give it leadership and direction, and again in the course of many speeches we have asked that certain steps be taken in this direction. We have indicated our willingness to support measures designed to strengthen the position of the Canadian economy.

In his remarks today the minister indicated he was going to establish a board of review. We are not quite sure what he means by that. Presumably, and hopefully, he will establish a board of review based on the suggestions we have been making for a number of years concerning a prices review board. In the past he has tended to say that there is no need for a review of that type, and therefore we are pleased to see that he is at least giving some

consideration to the necessity of reviewing the price situation in this country.

One of the regrettable features of the minister's statement was the continuous emphasis on rising labour costs in Canada and the blame he attached to that. Yet he did not find fault with the low productivity in Canada which is a result of the incredible mismanagement of our industry. Surely the blame for low productivity must be put on management rather than on labour. Labour does not organize an industry, labour merely responds to conditions in an industry.

● (4:10 p.m.)

There is information available which indicates that, despite a much higher capital input, a much higher ratio of capital per worker in Canada, we have a much lower level of productivity. Many reports indicate why this is so. Capital is not being applied in the most productive manner. I believe the Minister of Industry commented on this fact and I believe the Minister of Finance as well as other members of the cabinet are aware of this difficulty and of the need to make changes in the structure of Canadian industry. The Watkins committee lays heavy emphasis on this aspect. It is not that we feel there is an unawareness of this problem but we do say that the actions taken by various ministers in the government have not been adequate to the challenges facing the Canadian economy. It is just not good enough to blame labour for the slow growth in productivity in Canada at a time when it is fairly obvious that much of the blame should be laid on the shoulders of the branch plant economy that has developed in this country.

We have asked for the setting of an investment policy for Canada, for the setting of priorities because it is obvious to all that we cannot spend money on everything. A country has to determine those things which are important to its progress and see that the money and the resources are allocated to those purposes. A few weeks ago I made a speech on the subject of capital investment in Canada in which I pointed out the gross misallocation of resources in the industries of this country and the excessive productive capacity that has developed largely because of our tax structure. This was one of the major points made by the Carter commission which pointed out that our tax structure stimulated the flow of capital to some of our industries. The previous speaker mentioned the oil industry and commented on their