

*Oil Export Tax*

Canada to take some relatively positive position at those meetings, and that a debate would clarify Canada's official view. One of the ideas evolving in our party, as the members of the economic caucus of the Conservative party will confirm, was that perhaps Canada could put forward at Nairobi some ideas about an international bank for energy, and this of course was long before the crisis arose. I am not suggesting we had the foresight to see the difficulty, but indeed it would have been raised in this House at that time.

I would hope that we will, before any positive positions are taken by the Canadian government with respect to monetary reform, have the opportunity for some serious debate and discussion in the House about the Canadian position. I would hope that Canada can again emerge as a leader, not a follower, in devising policies for dealing with the international monetary situation which has developed because of the energy situation. It is not satisfactory to always take the position that we have to stand and wait. We should be providing leadership in this important field.

In addition to the problems in the international monetary field resulting from changes in balance of payments positions the energy change has enormous implications for the Canadian economy because of our trading pattern. The three areas of the world which are most affected by the energy crisis are the United States, Japan and the European Common Market countries, and they are the three areas with which Canada does most of its trading. We hear over and over again that 25 per cent of our gross national product is generated by international trade. It is inconceivable to me how anybody could believe, given the changes which appear to be taking place in the world, that changes in our trading partners economies will not have some impact on the Canadian economy. What the precise dimensions of the change will be, is hard to calculate. On the other hand, I am impressed by the fact that the responsible ministers of practically every country in the world involved in industrial activity of any dimension, the United States, Japan and the United Kingdom for example are able to make some forecasts as to what they think the impact of the crisis will be on their economies.

There is little doubt that in Canada at the present time the degree of uncertainty in the business community is probably as high as it has ever been. I would submit to you that the reason it is so is not only a result of the changing positions that have been taken by the government in respect of energy policy, but perhaps equally so because the government has not put forth in any detailed fashion what it thinks is going to happen to the Canadian economy.

With great respect, I suggest that when the Minister of Finance talks about psyching our way into a recession we cannot take him very seriously. How can anyone believe we are going to psyche our way into a recession when in fact there is an energy crisis all over the world? How can anyone talk about psyching our way into difficulties when Britain is now operating on a two-day week? Those are facts, and what Canadians want to know is what do these facts imply for the Canadian economy in the future? Surely, with the body of experts we have in the Bank of Canada, the Department of Industry, Trade and Com-

[Mr. Gillies.]

merce and the Department of Finance the Canadian public has a right to know precisely how the government assesses the economic outlook.

There seems to be a view, held by this government that it is wrong, unfortunate, dangerous, or something of the sort, to tell the Canadian people precisely what the government thinks is happening. On the contrary it would be very sanguine and helpful to the Canadian people to know what is happening. It is unfair to believe that informed Canadians are not concerned about the effect of the energy crisis on Canada. It is important for the government to make clear what it thinks this impact will be. It is bound to be important.

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The third effect, so far as economic conditions are concerned, of the change in the energy situation is the adjustment in the competitive advantages among trading nations around the world. There is no question that the change in energy supplies and energy prices could have influence in the long run as considerable as the invention of the steam engine had in Great Britain at the start of the 19th century.

The question is what position will Canada play in the changing world. Do we believe that we should use this new condition as a foundation upon which to build an industrial strategy in Canada? Does it provide an opportunity for new types of economic policy? Are we in Canada, in the broadest sense of the word, to use the energy advantage we have to develop an industrial strategy to take advantage of the energy resources we have by pricing them so that there will be a comparative advantage for us in industrial production? I was somewhat concerned with the remark of the Minister of Finance that when Canada goes to GATT again we must go with the hope of greater co-operation with other countries and for an extension of multilateral agreements.

No one is opposed to the expansion of world trade. The greater amount we can have the better. But, surely it is time to examine what we are looking for. Trade for trade's sake indeed may not be the position we should be taking in the Canadian economy at the present time. Consider the realities of the present situation. It is quite clear that not only in respect of oil but in respect of sugar, coffee and other products international commodity agreements are breaking down. Is it time for the Canadian government to look at the question of whether or not it should be striving for some type of different approach to trade, some sort of bilateral approach to trade. For example, should we be making arrangements with Brazil to make sure that we can trade our products for an assured and significant supply of coffee? Is the GATT approach, which was started after 1946, now outmoded with the changes that are taking place around the world? With the present world demand for resources is the kind of approach we have taken with considerable success in the last decade still correct? I note that a former Minister of Industry, Trade and Commerce said recently that the only processing we do with our raw materials on their way to Japan is kiss them goodbye.

Well, that might be the proper policy, but with the shift in the world that is going on the time has arrived to