

What it all boils down to is that the rate of growth of employment in Canada is simply insufficient to meet the demands of a growing labour force, and to reduce unemployment. By no standard is the 1971 employment growth rate of 2.5 per cent acceptable. It is lower even than the 1965-70 average rate of employment growth of 2.8 per cent.

The federal government must cease to hinder our economic recovery with its contradictory budgetary policies, its confusing and frustrating legislation, and its wasteful make-work programs. In short, this government must learn to mind its own business, and cease its authoritarian, unwarranted and unwelcome intrusions into the market place.

But unemployment is not our only major problem. This government is losing the battle against inflation also. The inflation rate is gathering speed. The 4.9 per cent increase over the last twelve months must be compared with the 1.6 per cent increase for the previous twelve-month period. This rise in the cost of living, which is the result of rising prices for food and housing, will strike with a vengeance at those Canadians with low and medium incomes who spend a large part of their revenue on such necessities. It should be possible to reduce the pressure of inflationary consumer demand by increasing the availability of goods, and it should be possible to increase the availability of consumer goods by productively employing the unemployed. Unless this government can be made to understand that it is responsible for much of the inflation that plagues us today, we are fated to repeat the same costly mistakes and suffer the same dismal consequences.

The excessive spending of this administration over the past four years has been, to my mind, the principal cause of the rampant inflation which was temporarily arrested at the cost of such incredible unemployment. But the government is quite unwilling to accept its guilt in this area. It prefers to lay the blame on the doorstep of labour when it is playing up to business, and on the doorstep of big business when it is playing up to labour. If they are worried about votes, private enterprise suddenly becomes the ogre—a den of thieves, unscrupulous tyrants, who are seeking to exploit all those sweet electors. If it is campaign funds the Liberal Party is looking for, then inflation is blamed upon those greedy unions clamouring for unreasonable wage settlements.

This government would appear to have a vested interest in permitting the cost of living to rise. Inflation will help finance those grandiose spending programs which, particularly when they are directed towards the poor, have so very little significant effect. Inflation has done more to widen the poverty gap than any other single contributing factor.

If the government persists in refusing to curb its spending, then there will remain only two ways of controlling inflation. It will either have to slow down the economy and create further employment, or have recourse to compulsory price and wage controls which, as the Standing Senate Committee on National Finance

advised us a short time ago, would serve merely to aggravate the problem.

To make matters worse, in the midst of our most deplorable economic situation, the federal government comes down with a bad case of nationalism. It toys with the idea of splendid economic isolationism. How else can one explain the government's attitude with regard to Denison Mines, Home Oil, the tax reform legislation, the Competition bill, and what we know as the Gray Report? This attitude points to a government bias against the movement of investment into and out of Canada, a sort of monetary apartheid, which seemingly extends only to the United States. The upshot of it all has been that the flow of funds into Canada, in certain areas, has begun to dry up. This we cannot afford. This is tantamount to economic suicide. Canada very simply has not the capital resources to finance its own growth in the future.

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Admittedly, the degree to which foreigners have assumed dominant roles in some major Canadian industries makes us unique in the world. Nowhere else is this the case. But then the fact to be borne in mind, and which seems to have escaped those alarmists looking for cheap emotional issues, is that we are unique in the degree of geographic and economic intimacy which we share with a larger, wealthier neighbour. The extent of foreign investment in Canada is a reflection of a combination of physical, social, political, and economic relationships for which there exists no parallel anywhere else in the world. We have plenty of resources, but we need the capital to develop them and the markets in which to sell them. To antagonize and alienate our American neighbours is foolishly to jeopardize a market of over 200 million people.

When one recognizes that foreign ownership of assets is relatively meaningless given the fact that their administration is subject to Canadian law, it then becomes obvious that this administration's nationalism is fundamentally socialism suitably disguised to render it more acceptable. Granted, we must actively cultivate domestic capital for domestic development, but this can be done in a more positive fashion than by severely restricting or opposing the introduction of foreign capital.

Honourable senators, I should like now to say a few words about federal-provincial relations. The relations between the Government of Canada and the Government of Quebec are no better now than they were at the beginning of Prime Minister Trudeau's term in office. If anything, they are worse. Yet Mr. Trudeau was supposed to be the man to keep Quebec in its place. He would strengthen the central government; rule with a strong hand. He knew what Quebecers wanted and needed. He was not going to waste time on academic revisions of the Constitution, nor was he going to make concessions to any strident nationalists. He put down an "apprehended" insurrection in Quebec with a great deal of force, but, in retrospect, it appears much of it was unnecessary and it is presently referred to mainly for the political mileage that can be extracted from it.

[Hon. Mr. Flynn.]