

power as part of that program. I believe they can make a big impact on regional development and regional security. Above all, I believe these policies, measures, initiatives and major projects can have a major effect on national unity.

Mr. Muir: Mr. Speaker, I rise on a point of order. The House has been gracious enough to extend the time for the minister, and I listened intently and with great interest to what he said. I wonder if it would be possible for me to have the permission of the House to ask one brief question.

Some hon. Members: Agreed.

Mr. Muir: The minister dealt with energy, naturally; that is his portfolio. He spoke about natural gas, oil, solar energy, tar sands and pipelines, and another important feature was the maritimes energy corporation. However, only once did I hear him mention the term "coal field." I wonder if the minister would advise the House what the government is going to do as a catalyst, psychologically or monetarily, to encourage the opening of new coal mines, particularly in the eastern coal fields in Cape Breton and in Nova Scotia in general.

I was hoping he would elaborate on that, because the Minister of Industry, Trade and Commerce (Mr. Horner) hardly mentioned that at the Canadian Coal Conference. I do not think he knows about coal fields in the east. He talked about Alberta and British Columbia. Would this minister be good enough to advise if he will use his influence within the cabinet to make sure that proper funds are made available to the Cape Breton Development Corporation to establish and open new coal mines on Cape Breton Island, which would provide employment in a very quick way, because of the high rate of unemployment we have in that area? I hope the minister will have something encouraging to say about that.

Mr. Gillespie: Mr. Speaker, I am very pleased to respond to that question. It is a very good question. I am not in a position to say that I can promise any additional funds to the Cape Breton Development Corporation. As the hon. member knows, it is already receiving substantial funds from the federal government. However, I can tell the hon. member that we are very interested in a proposal which has been put forward by the Premier of Nova Scotia to change some oil-fired thermal generating plants to coal-fired generating plants.

We have indicated we think that would be a very proper use of federal funds provided to the province of Nova Scotia under the agreement we reached earlier this year to reduce our dependence on foreign oil and the vulnerability of Nova Scotia to that foreign oil. I hope the talks we are presently having with the Nova Scotia government will result in a greater market for Nova Scotia coal. To the extent that takes place, there will be greater activity in the Cape Breton coal mines.

Mr. Muir: We need new coal mines.

Mr. Hees: Mr. Speaker, I wonder if I could call it one o'clock.

The Address—Mr. Hees

The Acting Speaker (Mr. Turner): It being one o'clock, I do now leave the chair until 2 p.m.

At 1.09 p.m. the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, as we all know, the most serious of the many problems facing the country today is a stagnant economy which has caused unemployment to rise to 8.3 per cent of the work force and will go considerably higher in the months ahead as the stagnation drags on.

Unfortunately, the government has put forward no effective plan for stimulating the economy. The Minister of Finance (Mr. Chrétien) told us recently there is no indication that the economy will be able even to absorb the new entrants into the work force during the next 18 months, let alone reduce the present high rate of unemployment.

I believe the only practical way to stimulate the economy and increase jobs is to make our products more attractive in price, quality and design. It is obvious that no Canadian, or anyone else, is going to buy a Canadian product if they can find a better product made in some other country at the same price, or a similar product at a lower price. I believe that the only way the job can be done in the conditions which will exist during the next few years is by offering incentives to reduce costs, and thereby selling prices, and improve quality and design. If we can do these things, we can increase our share of the existing purchasing power in the hands of Canadians and potential customers abroad, and increase production without increasing inflation in this country. The kinds of incentives I have in mind would do the following: first, lower labour costs; second, increase productivity; third, induce more research and development; fourth, expand export trade.

First of all, what must be done to reduce labour costs of potential new business to levels which will enable Canadians to compete successfully for that business? There is a great deal of business which Canadian companies are unable to compete for because of low labour costs in the foreign countries where the products are made. If Canadian companies are to be able to compete for a good proportion of this business, and thereby obtain additional employment for Canadians, they must have an incentive which will enable them to reduce their labour cost on this potential new business to a level where they are within striking distance of these low foreign rates. Then, by accepting a lower than normal margin of profit on this extra business in order to get started, they can compete for orders and stand a good chance of obtaining a reasonable proportion of them.

Now, what kind of incentives will do the job? The government should say to all business—not just manufacturers and processors—that it will reward over-all increases in employ-