

Order Paper Questions

MACK TRUCK

Question No. 1,463—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Mack Truck and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Mack Truck and its subsidiaries?

3. What were the commitments from Mack Truck and its subsidiaries in exchange for remitting each customs duty?

4. Did Mack Truck and its subsidiaries meet each commitment?

Return tabled.

WHITE MOTOR CORPORATION OF CANADA

Question No. 1,464—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting White Motor Corporation of Canada Ltd. and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning White Motor Corporation of Canada Ltd. and its subsidiaries?

3. What were the commitments from White Motor Corporation of Canada Ltd. and its subsidiaries in exchange for remitting each customs duty?

4. Did White Motor Corporation of Canada Ltd. and its subsidiaries meet each commitment?

Return tabled.

SHERBROOKE COACH

Question No. 1,469—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Sherbrooke Coach operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Sherbrooke Coach?

3. What were the commitments from Sherbrooke Coach in exchange for remitting each customs duty?

4. Did Sherbrooke Coach meet each commitment?

Return tabled.

CHAMPION TRUCK

Question No. 1,470—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Champion Truck operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Champion Truck?

3. What were the commitments from Champion Truck in exchange for remitting each customs duty?

4. Did Champion Truck meet each commitment?

Return tabled.

AUTOMOBILES SOMA INC.

Question No. 1,473—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Automobiles SOMA Inc. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Automobiles SOMA Inc.?

3. What were the commitments from Automobiles SOMA Inc. in exchange for remitting each customs duty?

4. Did Automobiles SOMA Inc. meet each commitment?

Return tabled.

CENTRAL TRUCK BODY CO. LTD.

Question No. 1,474—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Central Truck Body Co. Ltd. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Central Truck Body Co. Ltd.?

3. What were the commitments from Central Truck Body Co. Ltd. in exchange for remitting each customs duty?

4. Did Central Truck Body Co. Ltd. meet each commitment?

Return tabled.

FORD MOTOR CO.

Question No. 1,495—**Mr. Young:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Ford Motor Co. and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Ford Motor Co. and its subsidiaries?

3. What were the commitments from Ford Motor Co. and its subsidiaries in exchange for remitting each customs duty?

4. Did Ford Motor Co. and its subsidiaries meet each commitment?

Return tabled.

[*Translation*]

Mr. Collette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—ALLEGED FAILURE OF GOVERNMENT'S INDUSTRIAL POLICY

Hon. Sinclair Stevens (York-Peel) moved:

That this House condemns the government, and in particular the Minister of Industry, Trade and Commerce, for concentrating unduly on the bailing out of big, foreign corporations instead of on the implementation of a desperately needed industrial development policy, and for the resulting devastation of our small business sector, the absence of direction or support for industrial innovation, the surrender of domestic markets in manufactured goods to foreign

competitors, the crippling of the construction and other productive sectors through high interest rates, and the resulting loss of tens of thousands of jobs.

He said: Madam Speaker, in speaking to the motion before the House I think it is important to acknowledge what I would regard as the high points in the motion itself. First of all we are saying that we believe the government has been unduly concentrating on the bailing out of big foreign corporation at the expense of settling a proper industrial development policy for the nation. We believe the government is dealing with immediate problems, as opposed to solving some of the longer-range problems which must be solved in the country.

As a result of this approach we have witnessed the devastation of the Canadian small business sector. We have seen that industrial innovation is not progressing satisfactorily and that research and development are not being funded by the provincial levels, by the federal level, and certainly not by the private sector, to the extent they should be. As a result of the impasse which is developing, we have seen that in virtually all instances the domestic market in Canada is being surrendered to foreign manufacturers. In short, we are in a stage where the economy is becoming more and more stagnant.

● (1210)

Foreign competitors are gaining greater access to our market than they ever have. The result is a crippling of the construction and other productive sectors in our economy due, in part, to the high interest structure which has been inflicted upon the nation by this government.

All of this has led us to the unfortunate unemployment situation which we have in this country and, as we express in the motion, the increase of tens of thousands on the unemployed lists over the last few months. This month alone we learned that unemployment jumped on a non-adjusted basis—an actual basis—by 135,000 Canadians, reaching 945,000 people out of work in Canada.

I would like to deal more specifically with the points I have touched upon. For example, what do we mean when we say that we believe the government has been concentrating unduly on the bailing out of big corporations? I would like to give two or three examples. What else can you call the situation in which the government only last November decided to advance \$40 million to Imperial Oil Limited because it had created, if you like, a problem for Imperial which resulted in the first place from the federal budget ramifications and, in the second place, by the rather difficult conditions which the government inflicted on the oil industry through their National Energy Program? I would regard that as a typical example of where this Trudeau government tends to create problems through budgetary measures, through the inflicting of a National Energy Program on an industry. Then it turns around and starts bailing it out, in this case to the tune of \$40 million.

I would like to give another illustration of the bail-outs of these large corporations. Michelin is another example. Here is a case where the government decided to give Michelin Tires (Canada) Limited \$42 million in an attempt, if you like, to have Michelin rekindle the fires of its plant operations in

Industrial Development

Canada. There may be instances where we must help such plants or industries, but in the absence of an over-all approach one can see difficulties are bound to ensue.

With respect to the Michelin situation, as most of us in this House know, certainly we have been approached on the question, others which must compete in the rubber industry are now stating that to subsidize Michelin in this way is grossly unfair. Let us say Firestone in Hamilton or Goodyear in the Toronto area are saying that they find it difficult enough to remain viable without the federal government going in and helping one of their competitors in a way which, somehow or other, is not a benefit open to them.

I would like to touch on a different illustration of a bail-out which I would say is terribly costly for Canadians. As we know, Petro-Canada has made an offer to purchase Petrofina. It is estimated that the total purchase price may be in the order of \$1.5 billion. The bulk of those proceeds, of course, will go to the Belgian parent company. I think it is most revealing that only two days ago the founder of Petrofina, Mr. Alfredo Campo, indicated to the press that he was amazed at the offer made by the federal government for the purchase of Petrofina. He stated that as a shareholder in the company he was delighted at the suggested price of \$120 per share but that—and here I use his words—“But as a Canadian citizen, I say it is absolutely incredible. No private person would buy at that price.”

Mr. Speaker, how else can we come to any other conclusion than that this government, and in particular the Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of Industry, Trade and Commerce (Mr. Gray), the Minister of Finance (Mr. MacEachen) and, presumably, the Prime Minister (Mr. Trudeau) are rattling around within their cabinet in the most aimless, misdirected fashion we have ever seen? Here we have a government without an industrial plan, without any indication as to where it thinks the various sectors of our economy should be going. It has haphazardly given \$40 million to Imperial, \$42 million to Michelin, and it is presumably going into foreign lands to borrow \$1.5 billion to pay \$120 per share for a company called Petrofina, when the founder of that company turns around and says that is incredible. No private individual would be offering that kind of money for the company founded by Alfredo Campo, as he himself says.

Let us try to put this \$1.5 billion in a better perspective. As we know, the interest the government will incur in the raising of that kind of money will become an ownership charge, as they call it. I suggest it should be called a nationalization charge. It will be passed on to every consumer of petroleum products in this country. As you drive up to the pump there will be that nationalization charge. I hope that every supplier will put on their pumps what the consumer is paying for Pierre Elliott Trudeau's nationalization program in this country. That is where it will be spelt out. Clearly, \$1.5 billion at 10 per cent per year is \$150 million which we will have to pay from coast to coast. The government will not get its money at 10 per cent, the effective cost is likely to be more like 13 per cent. So here we have possibly \$200 million a year to be financed

Industrial Development

through a national charge at the gasoline pumps. Think what \$200 million would have done to help some of the small businesses in this country which are finding it difficult to live with the interest structure the government has inflicted upon them.

Speaking about that interest rate, I hope that when the minister rises to speak on this motion today he will explain why there are two standards in his mind on this question of interest. I hope he will explain why last February, when he was interviewed on TV, he felt justified in saying that if he were a member of a government with this type of interest rate structure he would resign. As we recall, the interest rate structure he was talking about was approximately 15 per cent at that time. It is now nearly 18 per cent, and he is still a member of the government. I hope today he will try to explain why he feels that in February, 1981, it is alright to be a member of a government which has inflicted upon the Canadian public an interest rate of approximately 18 per cent when in February, 1980, somehow or other he felt he should resign if he was ever a member of a government which had interest rates of 15 per cent.

I would like to dwell on the implications of what we are talking about. What is that \$1.5 billion they have committed the people of Canada to spend? Look at it. For example, there are roughly 460,000 small businesses in Canada. That amount of money represents approximately \$3,260 for each one of those small businesses. If the government is eager to go out and raise \$1.5 billion to buy Petrofina, and hon. members should bear in mind the fact that the proceeds of that money will go into foreign hands, we in this House must contemplate what those proceeds could do to help some of those small businesses. Let us say that one in three small businesses decides to take advantage of a relatively low interest rate loan from the Canadian government. If all the applications of those businesses were accepted, it would mean roughly \$10,000 for these average small businessmen.

● (1220)

Let us view the matter in another way. Last year 6,500 businesses did not survive. Most individuals find it difficult to survive in Trudeau land and many businesses find it impossible to survive in Trudeau land. Let us say that the government brings in a program worth \$150 million to help small businesses and forgets about that 10 per cent which it has committed to the purchase of Petrofina. As the result of such a program those 6,500 businesses would have received help in the amount of approximately \$25,000 and would have made it into 1981.

The reason I am highlighting these points is I believe that, if the government knows no better than to govern by drift and indecision, it is time we in the House of Commons, who are told day in and day out that the Constitution is supreme, say, "Emperor, you are no longer running a government which is satisfactory to this country. You have allowed us to drift into an economic morass that we in Parliament must insist you correct".

It is no longer acceptable to the Canadian public to have two ministers within the cabinet, the minister of so-called economic development and the Minister of Industry, Trade and Commerce, at each other's throat. It is no longer acceptable to have the one known interventionist in the form of the Minister of Industry, Trade and Commerce, constantly warring with the other minister who is known as the non-interventionist. This Janus-like situation where one minister looks one way and the other minister looks the other way, cannot continue. The result is stagnation and indecision which are causing the nation to drift into circumstances which are uncomfortable at the present time and which will become even more uncomfortable as the months go by.

Let us look at some of the stark facts. I have already indicated that, according to today's Statistics Canada figures, the unemployment rate has now touched 945,000. Why is the Minister of Industry, Trade and Commerce happy with that unemployment rate? Can the minister tell us why he believes that he has done a great job, or explain to the people of his own town of Windsor why the unemployment rate in that town has gone from 16.7 per cent in January, 1980, to 18.9 per cent at the present time. Is he proud? Surely the minister cannot pretend that there is no cabinet influence involved. There are three ministers within the cabinet who come from the Windsor area. I ask hon. members to think what would happen to that poor city if there were six ministers from that area in the cabinet.

While the Minister of Industry, Trade and Commerce may have done the worst, or the best—depending on how one looks at it—job for his home town, he has dealt crippling blows to other towns. I do not know whether he even goes to Montreal these days, but it had an unemployment level of 8.8 per cent last January. Today the unemployment rate in that city is 10.3 per cent. The unemployment rate in the Chicoutimi area was 9.9 per cent shortly before this minister took office, and today it is over 14 per cent. Regina, one of the cities which is normally looked upon as a relatively unemployment-free area, has seen its unemployment level, as the result of actions which are partly the responsibility of this government, jump from 3.4 per cent in January, 1980, to 7.4 per cent in 1981.

That is an example of the government in action and of the emperor ruling the country. Hopefully we will hear today the rationalization of the Minister of Industry, Trade and Commerce with regard to these problems. What can he tell us about his frustrations within cabinet and about the various plans which he has leaked to the press from time to time as to what he hopes to do on behalf of Canadian industry, trade and commerce?

Whatever happened to the overhaul legislation for the Foreign Investment Review Agency? It is almost one year since we were told that there would be significant changes with respect to the foreign investment situation in Canada in terms of government controls. I hope the minister will let us in on some of those internal secrets. I hope the minister will also be able to tell us why he feels satisfied with the low investment rate in Canada. For example, worker output declined by 3.5

per cent in 1980. This decline occurred after a 1.2 per cent decline in worker output in 1979. Is that why the minister virtually pleaded with the Prime Minister to make him Minister of Industry, Trade and Commerce?

The trade deficit in manufactured goods is accelerating at an ever-increasing rate. Recent figures show that our trading position on manufactured goods with the rest of the world has reached a deficit of close to \$18 billion. I hope the minister will tell the House why he feels that is satisfactory or will let us into the secret of what happened in cabinet that prevented him from doing something about it.

● (1230)

Perhaps we will hear an explanation for the negative real growth of last year, a condition that has probably not occurred in this country since World War II. We had a negative per capita real growth for four years but now in gross terms we find ourselves in a negative position. In other words, if we take away that artificial inflation that the government has thrust upon the nation, we find that the man who works for what he thinks is a decent wage, has really lost buying power in each of the last four years. That is what happened under the rule of this emperor and of the Minister of Industry, Trade and Commerce.

I hope the minister will take the opportunity that we have given to him today—I stress that it is us giving the government the opportunity to tell us what it intends to do—

Miss Jewett: We, not us.

Mr. Knowles: Mind your grammar.

Mr. Stevens: I will make no comment on that. In short, Mr. Speaker, the government has lived by outworn philosophies. Too many members on the other side attended the London school of economics and are tied up with this thing called Keynesianism. They are still drifting in that dreamy world—

An hon. Member: What about Freedman.

Mr. Stevens: Mr. Speaker, the lefties always like to speak from their seats. I hear one of them saying that Keynes came from Cambridge. If she were to go through the roster of those who pretend to be cabinet ministers in this country, she would find that they and some of their staff are disciples of the London School of Economics and at the time they were being taught there, Keynesianism was regarded as something next to the eleventh commandment.

That order is no longer in style in the western world, Mr. Speaker. The so-called demand management type of theory is archaic. What we must concentrate on is supply-management, which means a greater intensification and encouragement of investment, a greater concern that the plant, the tools, the equipment be supplied to workers so that they can compete not only for the domestic market but for the world market. The notion that you can spend your way into prosperity by artificially triggering demand is not effective in the eighties.

Industrial Development

I would suggest that this government, drunken as it has been in the way it has run the country, could get away with that drunkenness only if most of the nations with which we compete were equally irresponsible. Traditionally Japan has run a good economy; traditionally Germany has run a good economy; traditionally the Swiss have also run a sound economy. Canada is the only country that persists in running an economy based upon unsound principles. There has been a tremendous change of direction in Britain. It is attempting to tighten its fiscal and monetary position in the hope of regaining its productive position in the world.

Our neighbours to the south have elected a new president. His cabinet is going to change the priorities of that country dramatically. As a result, the United States will have less government, not more government as is the case in this country. The United States will have less spending, not more; a smaller deficit, not a larger one such as this government persists in inflicting upon Canadians, and there will be deregulation of the private sector in the United States, not “the” regulation of the private sector.

This government can no longer persist in the reckless, careless, spending, interventionist approaches it has been using when its main trading partner is dramatically going the other way. The government can make certain changes, of course, or it can keep on artificially steering the country onside by allowing the dollar to fall in relation to the United States dollar. That cannot go on forever, however.

I hope that we will learn today that the government will offer a better program than the pitiful one offered by the Minister of State for Science and Technology (Mr. Roberts). When he tabled it in this House he said it would encourage spending on research and development to the level of 1.5 per cent of the GNP. There was so little information in the package, however, that the so-called program was meaningless.

I hope the Minister of Industry, Trade and Commerce will tell us about something that is more impressive than the \$350 million program for industrial restructuring and labour adjustment which he announced recently. The best thing about that program was the advertising that appeared before it was announced. A study of the glossy, neat publications reveals that the program was not designed so much for the restructuring or stimulation of industry as for picking up some of the corporate corpses the government left lying around the country.

I hope the minister will have something to say about the very telling arguments put forward by the Science Council of Canada and why he believes their suggestions cannot be implemented quickly.

The time has come when we in this House must insist that the government focus on the true problems which face Canadians. These are economic. It must realize that the three-ring circus known as the constitutional debate can no longer be in the spotlight, attracting its attention and time.

At a time when this country needs a sense of destiny and confidence it is incredible that it is being led by a man known

Industrial Development

as the emperor, who feels that the greatest issue we face is the technical argument about the patriation of the Constitution. Nobody disagrees with patriation, Mr. Speaker. But the Prime Minister tends to divide the country at a time when it should be united, when it should be gaining confidence in its destiny so that business and the private sector can bring prosperity back. Instead, the country is in a downward economic drift.

I will conclude, Mr. Speaker, because some of my colleagues will speak later. They will deal first with the position of this party on science and technology; second, our position on international trade, and third, some of the things that should be done for the clothing, textile and related industries. If there is time another colleague will deal with questions that particularly affect Atlantic Canada.

The government must come to its senses, Mr. Speaker. It must realize the serious economic deterioration that is occurring in the country. The time to act is now.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Mr. Speaker, I welcome the opportunity to take part in this debate which enables me to describe to the House and the people of Canada some of the efforts of the government to deal with the severe economic and industrial challenges that have emerged in the country and in the world in the context of the difficulties of Canada's major market, the United States, and other markets throughout the world. The efforts of this government involve creating a solid framework for a future of economic stability and growth.

● (1240)

The hon. member opened his remarks by attacking and criticizing a number of specific projects. In doing so he first attacked the regional development program of this government. This is a program aimed at lessening regional disparities in regions such as Nova Scotia. In fact he specifically criticized a program very strongly supported by the Conservative government of that province. He also attacked the National Energy Program which is aimed not only at creating self-sufficiency in energy in Canada, but at ensuring that Canadians have more than they do at present of the long-term benefits in the development of our own energy resources.

In the hon. member's motion, not so much in his speech, he completely overlooked that the well-being, if not the very existence of thousands and thousands of small and medium-sized businesses in Canada and their employees, depend on the well-being and the existence of larger firms, in some cases foreign-owned. For these smaller and medium-sized companies, the continued ability to sell their goods and services to these larger firms is crucial to their own survival. From time to time, if the federal government acts with respect to larger companies, it is because it must be mindful of the role they play in the well-being of the thousands of smaller companies, their employees, as well as the employees of the larger companies and of the well-being of the communities where they live.

The hon. member claims to be concerned about the well-being of small and medium-sized businesses. But in ignoring in

his motion the important reality that I have mentioned, he shows the shallowness of his approach. This government believes it has a role to play in co-operation with the private sector to help all Canadians, everywhere in our country, to share in the benefits of prosperity and economic growth.

There is another aspect of the hon. member's motion which I think Canadians would look upon as being disturbing. It shows an amazing lack of knowledge about what the government has been doing in the area of industrial development in a relatively brief period. Take support for industrial innovation, for example. Just this morning my colleague, the Minister of Communications (Mr. Fox), announced a \$27 million increase in the federal government's funding of the joint industry-government Telidon program. Telidon is a highly advanced product of Canadian communications technology which was described in a recent editorial as "the most sophisticated videotext system in the world." This very substantial increase in federal funds for a program which is jointly administered by the Department of Communications and the Department of Industry, Trade and Commerce comes on top of the more than \$12 million already committed. It constitutes a major contribution toward-making the new industry self-sustaining nationally and in demonstrating the commercial competitiveness of Telidon in world markets.

There should not be any doubt about the multiple benefits of public support through the development of technologies such as Telidon which, to the hon. member who introduced this motion, would be undue government interference. I suppose one could take from what he said that the government should not be in this area. I do not think Canadians would agree with that. Telidon has already had impressive accomplishments in closing sales in Washington, D.C., Venezuela and Switzerland, and has other international sales pending.

Mr. Stevens: Tell us about Imperial Oil.

Mr. Gray: Telidon is gaining tentative acceptance as an international standard and it is leading to the creation of a whole new service industry for the provision of information for the Telidon system. Smaller Canadian companies such as Infomart and Hempton have invested more than \$6 million in the research and development necessary to develop and market the data base essential to the Telidon concept. This concept will be important to thousands of workers and to smaller Canadian companies and the entire Canadian economy over time. But Telidon is just one example of the government's commitment to spur research and development and industrial innovation at higher levels than in the past, levels necessary to the enhancement of Canada's place in the world's economy. I believe there have been very substantial accomplishments in the past eleven months in this area.

For example, in April I announced the implementation of the special fund under the enterprise development program of my department to foster expansion in Canada of the already highly successful electronics industry. One example of the use of this fund is the very substantial expansion recently

Industrial Development

announced by a Canadian company called Mitel, already a world leader in the electronics industry.

Mr. Stevens: How come they are going to Wales?

Mr. Gray: Mitel has announced an expansion in the Ottawa area and in Bromont involving some 1,000 jobs, something which would not have happened if my hon. friend had stayed in office to the misfortune of the Canadian economy.

Mr. Stevens: Herbie, tell us about Wales.

Mr. Pepin: What is wrong with going to Wales?

Mr. Gray: In November we introduced a new federal office communications program. This is a program to support the office of the future concept and is aimed at capturing by 1985 a significant share of the burgeoning domestic and international markets for electronic equipment for the office of the future. These are just some examples of recent federal measures to encourage innovation and growth of more advanced technology in Canadian industries.

I want to single out one example for special attention. Just last week I announced that the government will provide \$450 million in loan guarantees to The de Havilland Aircraft company to develop the Dash-8, an entirely new STOL aircraft which promises to entrench for the future the place that Canada has already established as the world leader in this type of aviation technology.

Following closely on the heels of the remarkable success of the Dash-7, the Dash-8 has already attracted 93 purchase offers, and de Havilland predicts the sales of the plane will exceed \$3 billion by 1996 as well as create 3,000 new jobs at the company. I wonder whether the hon. member for York-Peel (Mr. Stevens) would now like to try to convince his many constituents who work at de Havilland that the federal government should not offer support for this kind of advanced technology industry. I wonder also whether any members opposite, including the member for York-Peel who in years past advocated the withdrawal of government support from Canadair and de Havilland, in light of the successes of these two great companies under public ownership, involving the employment of 10,000 people and world leadership in their field, will now at least have the decency to admit they are wrong and to change their minds about this.

Mr. Stevens: You have got to be kidding.

Mr. Gray: I cannot mention the Dash-8 program without also reminding this House that the government will, as well, be providing \$50 million through the defence industry productivity program to Pratt & Whitney Aircraft Services of Canada. This assistance will help Pratt & Whitney to design and develop the PT-7, a new advanced turbo-prop engine to be installed in the Dash-8 and to be used successfully, I think, in similar aircraft around the world. Production of the new engine will begin in 1983 in Longueuil, Quebec. It will create 1,000 new jobs at Pratt & Whitney. These will be new high-technology jobs based on research and development, which this

government has made possible through its commitment to industrial innovation.

● (1250)

Do not forget, Mr. Speaker, that over \$1.3 billion, some 40 per cent of the Dash-8 project, will be available for subcontracting to companies across Canada, and some \$400 million, some 40 per cent of the PT project, will also be available to subcontracting companies across Canada. These spin-offs will help hundreds if not thousands of smaller and medium-sized companies and help create, likely, thousands of jobs in addition to those created directly by these projects.

The Acting Speaker (Mr. Blaker): Order, please. The hon. member for Ontario (Mr. Fennell) rises on a point of order.

Mr. Fennell: Mr. Speaker, I would like to point out to the minister that he better check up on the Challenger and Canadair's success. Apparently they have had to add so much weight the plane won't—

The Acting Speaker (Mr. Blaker): Order, please. If the hon. member wants to make a point of order I will, of course, continue to recognize him and hear him, but he should try to tie his remarks to whatever point of order he wants to make.

Mr. Gray: Mr. Speaker, I just want to say this about my hon. friend's spurious point of order. What he says really proves my point. They have no commitment to the type of support which has led to the burgeoning of thousands of jobs in Canadair and de Havilland. He has proved my point by his spurious point of order.

I note that my hon. friend in his motion did not speak about the very important area of export promotion. Perhaps that implies that at least in this area he agrees we are doing a good job.

I want to draw to the attention of the House in this connection an announcement I made earlier this week in conjunction with the Council of Forest Product Industries of British Columbia and the government of British Columbia, in Vancouver. Specifically I announced that the Government of Canada would contribute up to \$10.5 million over the next five years to develop new offshore market opportunities for the forest products industry of British Columbia, and the other parties to the agreement will contribute matching amounts.

This is an extension and expansion of a program that has already increased the exports of B.C. forest products to markets other than the United States from some \$200 million to \$1 billion in the past ten years. This program is important because it will further increase sales of these forest products, open up and diversify new markets, and create many thousands of new jobs. It is also important because it is indicative of this government's effort and ability to work co-operatively with the private sector and provincial governments as a basis for an effective and co-ordinated approach to economic development.

Industrial Development

In this case we are speaking of the co-operative approach of the federal government, the British Columbia government and the forest products companies, with the active encouragement and support of the International Woodworkers Union. We have joined forces to improve and expand a sector of the Canadian economy which has always been very important and on whose future the livelihoods and prosperity of a great many Canadians, a great many companies, large and small, depend.

The very great emphasis this government places on developing the economy through expanding and diversifying our exports was, I think, again demonstrated in the recent announcement of my colleague, the Minister of State for Trade (Mr. Lumley), that the Government of Canada will provide funds to Canadian firms to match credit mixte terms being offered by foreign governments. We want to be able to match this where necessary to enable Canadian firms to meet more effectively international competition in export markets.

I seem to recall and I stand to be corrected about this, that it was not too long ago a Liberal government introduced a bill to increase the lending and insurance levels of the Export Development Corporation, the Crown agency which is now administering the new credit mixte as well as our other export financing program. I stand to be corrected, but did not the hon. member opposite cry loud and long that the activities of the EDC should not expand, but rather that they should be curtailed? Fortunately for Canadian business and Canadian workers those arguments were not accepted, and the Export Development Corporation is able to operate as a result of our recent announcement even more effectively in the interests of Canadian exports.

The same is the case with our other programs, the program for Export Market Development and the Trade Fairs and Missions Program, the funding for which we announced a few weeks ago would be substantially increased over the next three years so that more than \$50 million will be made available to assist Canadian companies in their export efforts. For the most part these will be small and medium-size companies taking their first steps toward export.

Of course the other side of the export development coin, and equally important to a successful industrial development strategy, is what many people call import replacement.

I think of pre-eminent importance in this regard are the various funded programs we administer to assist Canadian businesses to develop new products, to expand production of products for which there is a growing domestic and foreign demand, to introduce new production technologies and, over all, to enhance the capacity of our manufacturing sector to produce the high quality, competitively priced goods Canadians want to buy, as well as to improve our efforts in export markets.

Let me give the House some idea of the extent of the government's effort in this area. I recall that in answer to a question last fall by an hon. member belonging to the official opposition, I pointed out that in 1979 close to 30,000 projects involving mostly smaller and medium-sized businesses were provided with assistance in excess of \$1 billion through pro-

grams administered by the Department of Industry, Trade and Commerce, like the Federal Business Development Bank, the Small Business Loans program, and the Enterprise Development Program. These programs are operating at similar levels this year in the interests of thousands of smaller and medium-sized Canadian businesses and their employees.

Yet there is still a great deal more we are doing to help companies expand the quantity and range of their products and so in many cases replace imports. For instance, as part of the new \$350 million Special Industry and Labour Adjustment Program, there will be a new panel of the Enterprise Development Program through which expanded assistance will be made available for new industrial initiatives that do not fall under the existing programs I have outlined. Aside from funded programs, we also intend to use other policy and administrative mechanisms in increasingly innovative ways for the achievement of these kinds of important industrial goals.

One of the best recent examples of this is a program that has not received much fanfare, but is important all the same, the Front End Loader Duty Remission Program. This will result in several major manufacturers of this important type of construction machinery establishing plants in Canada which will not only exclusively supply the Canadian market but overseas markets as well. We estimate some 1,200 new jobs will be created. Although essentially administrative programs such as this do not always receive the kind of attention they deserve, I believe they can be very important instruments for securing world product mandates, reducing our relative dependence on imports, and fostering new economic activity.

There are other things I could talk about to show what we are doing with regard to our comprehensive and realistic approach to stimulating a dynamic and regionally balanced national economy.

There are fundamental elements, such as the sound framework announced in the budget of October 28 and the commitment then made to increasing federal expenditures on economic development over the next four years by some 22 per cent, quite apart from the restructuring program I have been talking about. There are policy elements such as the government's oil pricing policy which will keep domestic oil prices sufficiently below world levels to assure a sustained competitive edge to Canadian manufacturers. There are program elements such as our new Special Industry and Labour Adjustment Program, all measures aimed at enabling the industrial benefits of major projects development to accrue to companies and workers in Canada. Also, I think we have to work to develop measures to ensure the compatibility of the performance of major private sector entities with our economic goals as well as action to enhance the ability of government to use its purchasing power in ways that bring real industrial benefits.

I want to conclude by dealing briefly for a minute or two with the main element of my hon. friend's motion. I want to say that I believe there are times when the combination of the enormous costs of a business failure to workers, the communities in which they live and the entire economy, as well as the very real prospect that temporary and limited assistance from

government can restore within a reasonable period of time an enterprise to full participation in the economy on a healthy and profitable basis, are such that serious consideration must be given by the government from time to time to providing limited and specific measures of temporary help.

● (1300)

I need about a minute more, Mr. Speaker, and I wonder if I could have the permission of the House to conclude my remarks.

Some hon. Members: Agreed.

Mr. Gray: In each situation the government's evaluation and decision should be made in the light of the unique facts of that particular situation. However, at all times I believe a major criterion must be whether through its assistance a company can be restructured to supply the kinds of products that will be demanded in the 1980s and 1990s and to provide the kinds of jobs Canadians want and deserve.

In addition, as distinct from the simplistic and, I might say, foolish approach implied in the hon. member's motion, I do not believe federal and provincial governments should always ignore companies simply because, even though their employees are Canadians, their suppliers are Canadian businesses and their production takes place in Canada, they are not at a particular point in time Canadian controlled.

Mr. Stevens: What is the Toronto *Star* going to say now?

Mr. Gray: Along with almost everyone else in this country, I believe we have to be concerned primarily about Canadian production and Canadian jobs and, because of this concern, direct our efforts to building a strong and healthy Canadian economy. We are doing this in the context of the development of a comprehensive industrial policy framework. I am confident that our objectives and our efforts will result in solid achievements in the interests of all Canadians in all parts of Canada.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. It being one o'clock, I do now leave the chair until two o'clock at which time, I might indicate to hon. members, it would certainly be a great relief to the Chair if I could come back either as "Madam Speaker" or "Mr. Speaker", but not both.

At 1.02 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I read the motion put forward this morning with some considerable interest. I could not help thinking, as I listened to the debate by members on both sides, of the inconsistency of the Con-

Industrial Development

servative position and the lack of understanding on the government's behalf. I think the minister has reached a point where he no longer serves a useful purpose. Not only does he stand in his place and make inane comments about the economy and the way in which it might or might not develop, but he does not even have the common courtesy to come back to the House and listen to other members' comments. It is typical of the minister that he holds for himself all truth and virtue while he never recognizes that other people may have something of value to say. I am speaking not only of myself but other members who have participated in this debate.

● (1410)

I wish to begin by saying to you, Mr. Speaker, that it concerns me when people speak with such gloom and doom about the future of Canada. I happen to believe that Canada is probably the best country in the world. We have available to us what almost every country in the world would gladly give anything to possess. Yet, for reasons which have escaped me over the years, we have managed to mismanage all of the natural attributes of Canada. Other nations which come to us to obtain natural resources, or which go to the Middle East for energy, are able to cope in a much more progressive way.

I can only assume that one of our difficulties is the way in which this government approaches the problem of industrial development, the proper utilization of our resource base, the deployment of our manpower base, the way we would like to see our secondary manufacturing develop, our commitment to export and the understanding that we should be meeting the domestic market requirements of this country from within this country.

When I listened to the minister respond, all I heard him talk about was more expenditure by the government, more hand-outs and more involvement. I do not object to the involvement, but I think concurrent with government involvement in the economy must surely be some commitment in the public and private sectors toward working in a co-operative fashion. They must work toward some goals. I think a goal which might be useful to establish for Canada would be the goal of full employment. People say to me that you cannot have full employment, but that is absolute nonsense. Of course you can have full employment. Of course you can have jobs for everyone. But first you must determine that it is your primary goal.

To this point in time we seem to have established goals based on carrying a significant number of Canadians on the unemployment rolls as a matter of principle. I suggest the government would do well to reconsider that principle and to begin a process of analysis. First of all, there is no analysis. There is no indication of an analysis of the problems which confront this country. There has been no analysis of our potential. There has been no clear identification of our strengths and our weaknesses. There has not been any plan of action developed in order to utilize and harness the potential of Canada for the common good. There have been no attempts to try and make this the kind of country which will be the envy of the world, both in economic and in social terms.

Industrial Development

Since there has been no such action taken, and since everything we hear of is piecemeal, ad hoc and meeting immediate problems of an emergency nature rather than planning for a better future, all I can assume is that the government has neither the will nor the desire to see in place the kinds of co-operative undertaking which I believe can be realized in this country.

Initially, I think we must stress a sense of responsibility, both in terms of government and the corporate sector. We must say that this country demands of all its component parts a commitment to it. I suspect that has been one of the main stumbling blocks which we have faced. There has been very little in the way of commitment to Canada and its future.

What we are talking about in this debate is an industrial strategy and the development of such a policy. I know this means different things to different people, but one thing I am sure about is that it ought to have been implemented ten years ago. Since it was not implemented then, that should not stand in the way of implementing it now. We should establish some short-term goals. We all understand that short-term goals to meet emergency situations are expensive, but they must be seen to be and understood to be short term. It must be seen that they are bridging a gap which has been created, in part, by world economic downturn and in part by a lack of adequate management and responsibility right here at home.

We must then overlay that concept with some long-term goals so that we avoid falling into the same pits we are digging ourselves out of today. Long-term goals would enable us to avoid the problems of having to bail out companies and providing short-term assistance year after year so as to derive some long-term benefit from the natural assets we have in this country.

We must first identify our strengths. One of our main strengths is that we have somewhere between eight million and nine million households in this country. By most standards that is a large domestic market. It is a market which must be served by Canadians. It must be nurtured and maintained so that the Canadian manufacturer can put his products into the marketplace for sale to Canadians. Then we must look at the export markets of the world and identify clearly those areas where we want to assist in the growth of those markets, in trading with them and providing for them, from our expertise, and buying from them in accordance with their expertise. I know the minister of trade has been working on this process.

I want to make it clear that I have absolutely no objection—in fact, I agree, unlike the mover of the motion—to there being public sector involvement. I also want to make it clear that public sector involvement cannot simply be the public sector underwriting the risk for the private sector. It cannot simply be handouts for the sake of maintaining something which is, in itself, not able to sustain itself in the marketplace.

If the public sector is to become involved, I think it must become involved in the same way that anyone else would become involved, through an equity position for the use of public funds. We would take the risk but we would also derive the benefit, where there is one. I suggest if the government

were serious about its approach to this problem then that is where it should begin. That is where it would have started with Chrysler, as I suggested a year ago. That is where it would be going with Massey-Ferguson, as I suggested not long ago. That is the government's role, encouraging public involvement, but in a way which guarantees the taxpayers that if there is to be success, then that success will yield benefits to the Canadian taxpayer beyond simply the jobs which would flow therefrom.

As I said when I started, Canada is second to none in the world. We have everything available to us. It is mind-boggling that we should be looking with envy at Japan, West Germany or other parts of the world and saying, "My God, don't we wish we could be like that." I don't want to be like that. I want to see us take what we have here and build on that. I want to see us create an industrial environment here which will utilize all of the strengths we have. That is where industrial development starts. We have natural resources, depletable, non-depletable, non-renewable and renewable. We have them available to us.

● (1420)

We should be using these resources to build our society rather than shipping them out of the country. We have energy available in all its various and many sources which is capable of meeting our needs now and in the future. We should be using that energy to build the base upon which future generations will survive. The manpower of Canada is well educated, trained and capable and, contrary to what is said by some, is the equal, if not better than the manpower of many countries of the world. If only there were jobs and markets for the goods they manufacture which would utilize the full productive capacity of the companies at which they work, rather than operating at 80 per cent and 75 per cent capacity.

We have educational facilities to train and retrain people, to educate people to live together harmoniously and co-operatively. We have a financial structure, albeit conservative, which is strong. There is no need to borrow outside this country in order to make ends meet. We can do it on our own if we feel the urge and the necessity.

With those characteristics and others, there is no explanation why Canada does not have in place an industrial development strategy which reaches from coast to coast and gives opportunity to Canadians, no matter where they live, to take the very valuable resources of this country and develop them in Canada for the use of Canadians both now and in the future.

What are the problems now that we have looked at the attributes and benefits which are naturally ours? The problems are many. We face interest rates which are much too high because they are dictated by outside influences. We face a lack of direction in energy policy. Canada is spending hundreds of billions of dollars to find the last drop of oil. I wonder what that last drop of oil will be worth when it is finally found. Instead of using significant numbers of these dollars to develop renewable energy resources and instead of

spending money to remove our current dependency on oil, what does the government do?

Perhaps the largest drawback to the development of an industrial strategy for Canada is foreign control over our industrial sector. The government cannot really get into exporting or directing, even with an industrial strategy, the growth of this country as long as the major decisions are made outside Canada. We must change this situation. We must insist that, even though the companies are foreign owned, the control and decision-making processes be conducted in Canada for Canadians while at the same time the companies are free and at arm's length in order that they can seek world markets for their products, thereby utilizing Canadian expertise.

We have an auto industry which is without a parts manufacturing sector. Why; because the government has failed to take action over the years to insist that the component parts be manufactured here in Canada. We have a farm community which is suffering at the hands of the banks and the other financial institutions to the point where bankruptcies are at an all-time high. We have a small business sector which cannot afford to carry the kind of inventory which it requires in order to be competitive in the large business sector. Why; because interest rates and carrying charges are too high and small businesses cannot afford to pass on the cost to the consumer. Therefore, the small business either absorbs it or cuts back on inventory, thereby becoming less competitive.

The average income earner in Canada can no longer afford the cost of housing. We no longer build houses for average people, although the material and labour are available to do so. The common thread which runs through all these problems is interest rates. They drag one down. Average house prices and mortgages today are too high. The carrying charge for interest alone ranges upwards from \$8,000 a year, and the average income earner who takes home \$14,000 a year cannot afford it.

We are faced with the situation of government renegotiating GATT with its adverse effects on many of the fledgling industries which are attempting to develop. We must be careful that we do not give away everything just to be the nice guys in the international community, which displays a set of rules by which it supposedly works. There are the rules which apply behind the scenes. While on the one hand Canada has many positive features which can be used to develop this country, there are a number of negative features. However, none of them are unmanageable. The problems can all be dealt with in an appropriate and careful fashion if one takes the initiative.

We do not need miracles; we need desire. We can build houses. In so doing, we create employment, not only in the housing industry, but through the building of those components in machine shops and factories which are necessary to make a house a home. We can stimulate consumer demand in such a way that the product which we are capable of manufacturing is purchased in the marketplace. Although it is difficult, we can control interest rates to Canada's benefit if we desire to

do so. We can take steps to ensure Canadian control over foreign subsidiaries.

As a matter of practice, the government should canvass our industries for purchasing purposes. Not only can we find and develop alternative sources of energy, but the government can spend what must be spent to ensure that we have proper insulation programs. Considering all the work which would flow across the country from such programs, it is hard to imagine the extent to which we can go. We can produce our own mining equipment. There are so many things we can do, if the government thinks they are worth while.

We can create an atmosphere for corporations, small businesses and people which speak positively about the future and building of Canada based on its strengths. All this takes government direction, government commitment and a sense of co-operation which to this point in time has been lacking. It takes an understanding of the strengths and weaknesses of the country in order to utilize those strengths and to eliminate those weaknesses. We do not need this piecemeal attitude of the minister or the shrug and throw-up-your-hands attitude of the Prime Minister (Mr. Trudeau) when he says, "I can do nothing about it. We have to carry on the way it is."

If all the sectors of this country work together, we can create a much better Canada and a much better industrial strategy. The government must become involved, and that is why it is important to take part in this debate today. I still hope to see the government develop a sense of what is important about this country and its future.

● (1430)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am very pleased to be able to participate in this debate today. I think we will learn in a very real way what the major distinctions are in the economic policies of the three parties in this House. I do not say that in any partisan or pejorative way; I just say that we will see the differences in them. After listening to what was said by members of the opposition parties and by my colleagues about economic policy, the things that are wrong in our country, and what needs to be done to put them right, I think I can say that we have finally reached a point of recognizing the differences in the philosophies of the three parties.

I suggest that the differences can be summed up in this way: the Conservative party says, effectively, "Go out and do it yourself"; the Liberal party says, "Can we give you a hand to get the job done?" and the NDP says, "Get out of the way, we are going to do it for you." It seems to me that those are the distinctions.

If hon. members will listen to what is being said today and mark the distinctions made by the Conservative Party and the NDP, I think they will agree that the foregoing is not a bad summation of the differences between the three parties.

Mr. Stevens: What about Petrofina? Is that what you mean by helping?

Industrial Development

Mr. Evans: I must be saying the right things, Mr. Speaker, because they are riled up.

The motion stands in the name of the hon. member for York-Peel (Mr. Stevens). I have worked with the hon. member on economic and financial matters for some time and have come to like him although I do not necessarily agree with everything he says. At an economic conference I attended once I heard someone say, "I agree 95 per cent with half of what you say and 105 per cent with the other half of what you say but that in no way implies that I agree 100 per cent with everything you say."

Now, I should like to go through the motion in an effort to understand precisely what is being said by the hon. member. In all honesty, I must say that I think it is one of the most outstanding pieces of rhetoric ever put before this House in the almost two years I have been here. Let me take it one point at a time. It begins:

That this House condemns the government, and in particular the Minister of Industry, Trade and Commerce, for concentrating unduly on the bailing out of big, foreign corporations instead of on the implementation of a desperately needed industrial development policy,—

I listened carefully to the hon. member's intervention at the outset of the debate and I had a hard time understanding his definition of an industrial strategy. I think it was, "Go out and do it yourself. Get the government out of your way. Don't let the government intervene in any way, shape or form." Is that an industrial strategy? I do not know if I am correct, but from what I heard today and from what I have heard in the past, I think that is what the hon. member was putting forward as an "industrial strategy".

The first point the hon. member raised was "bailing out". He mentioned the case of Michelin and said it was a bail-out of \$45 million. He can nod his head to indicate yes or no, but I think he implied that was something we should not have done. He indicated that because we bailed out Michelin—and I do not agree with his definition of bailing out, but we will use it for the moment—the Ontario tire industry was having a great deal of difficulty. I suggest that is not entirely correct, Mr. Speaker.

The reason the Ontario tire industry is having difficulty is that it has not made a conversion to radial tires and the demand for the product being produced has simply evaporated. Michelin has produced radial tires for many years and is retooling and expanding its plant in the maritimes in order to produce more tires, not only for Canada but also to meet the demand in the world market. It is meeting a market need. It was not the bail-out that caused difficulty; rather, it established an industrial structure in the maritimes and enabled Michelin to compete worldwide.

I find it strange that such government intervention should be condemned. It seems to me that government intervention in the industrial sector should help industries that have a future to structure for that future so that they will be competitive in domestic and world markets. Certainly the funds provided in the Michelin case enabled a company to expand and become competitive in the world market by any standards. We hope

that the same kinds of industrial restructuring will occur in the tire industry in Ontario and that it, too, will compete on the world market. I disagree with the hon. member's remarks about Michelin being a gross, unfair, unrealistic and stupid bailout. It was not.

Mr. Rose: It was not a bailout; it was a handout.

Mr. Evans: The other matter that the hon. member for York-Peel referred to was the \$40 million given to Imperial Oil. That was a very interesting case. We all know of the difficult situation that exists between the province of Alberta and the federal government and the negotiations that are going on. We all know as well that Imperial Oil has plans to move on the tar sands development. We also know that if we had not put up that \$40 million, there could have been a deterioration in Imperial Oil's ability to go ahead with the tar sands project once the political difficulties were ironed out. If that investment will ensure that the project can go ahead when the political negotiations are completed, then it was a wise investment and I think the future will show that it was.

Now we are being condemned because Petro-Canada has bought Petrofina. We have heard this time and time again. When Pacific Pete was purchased we heard exactly the same thing, yet I doubt if any financial analyst would tell this House or any other place today that Petro-Canada's purchase of Pacific Petroleum was a mistake.

If those hon. members who know something about financial analysis examine the takeovers and mergers that have occurred in the last four or five years, they will find that an average premium over market value prior to takeover was in the range of 30 per cent to 35 per cent. The price of Petrofina prior to the takeover, not last summer but after a great many events had occurred—

Mr. Stevens: Forty-two dollars.

Mr. Evans: The hon. member says \$42. The price was \$87.50.

Mr. Stevens: After the run-up.

Mr. Evans: The price was \$87.50 so a 30 per cent or 35 per cent mark-up would bring it to around \$120. The hon. member for York-Peel is an astute financial man, so he will understand that if you are going to buy a firm and get control of it, you have to pay a premium. I will let history be the judge of whether Petrofina is a good investment for Petro-Canada and the people of Canada. I am convinced that it is. History will show it was a very wise investment of Petro-Canada on behalf of the people of Canada.

● (1440)

There are other areas where the federal government has played a role in the restructuring of industry which the hon. member did not mention. For instance, the Canadian forest industry mentioned earlier by the Minister of Industry, Trade and Commerce (Mr. Gray). The Canadian government was involved heavily in providing capital for the restructuring and

revitalization of the Canadian forest products industry. That industry is now in a position to compete effectively worldwide. I did not hear the hon. member decry and condemn that particular government intervention.

What about the intervention and the incentives given by the federal government to the Canadian steel industry? By anyone's estimation, we have one of the most competitive steel industries in the entire world, including Japan. It is much more competitive than the American steel industry. Ours is highly efficient with all of the new technology which is partially a result of government intervention and incentives. I did not hear the hon. member for York-Peel decry that as a bailout. Perhaps at the time that is exactly what it would have been called, a bailout of the steel industry.

Mr. Deans: When did you do that?

Mr. Stevens: Specifically, what are you getting at?

Mr. Evans: By putting forward those incentives over the years it has allowed the industry to restructure itself and become competitive on a world scale.

Mr. Deans: That was available to all industry.

Mr. Evans: The hon. member says that was available to all industry. I think he is effectively making my point for me. The hon. member for York-Peel, if he calls bailouts more than just cash, or if he talks about tax incentives as a bailout or any kind of economic incentive—in other words, the taxpayers of Canada participating with industry—has to admit that those kinds of incentives provided by the government have led to some spectacular improvements in industrial efficiency.

With respect to high technology, the minister spoke earlier about the \$27 million grant in increased assistance which has been given to Telidon. He spoke about the incentives given to Mitel. I believe the figure for Mitel was \$40 million. Correct me if I am wrong.

Mr. Stevens: And they are going to Wales.

Mr. Evans: The hon. member says, "they are going to Wales". The company is going to Wales to break into a very large and lucrative market in Britain, but it will be a Canadian company.

Mr. Stevens: Employing the Welsh.

Mr. Evans: I would have to question the hon. member's motives. Is he saying that our companies should not compete worldwide? If they should not compete worldwide, then would he say that we should not have foreign corporations in Canada? If that is the case, is he going to support FIRA holus-bolus and unequivocally?

Mr. Stevens: Margaret Thatcher thanks you.

Mr. Evans: I think the hon. member makes his own case when he needs to make his case, and denies everything that relates or flows from that case when someone else points out

Industrial Development

the holes in his logic. In the motion which the hon. member has put forward, we see the contention that the government's action has led to the devastation of small business. I would like to see evidence of that.

Mr. Stevens: Six thousand, five hundred small businesses went under last year.

Mr. Evans: The hon. member says "Six thousand, five hundred small businesses went under last year". But 20,000 new ones were started, Mr. Speaker.

Let us get serious about this. Mr. Bulloch, the head of the Canadian Federation of Independent Businessmen, has said with regard to the extension of the Small Business Development Bond that this is a very good move for small business in Canada. Mr. Bulloch has not been putting forth comments that government policies have devastated small business. With regard to the energy program, Mr. Bulloch has indicated that energy prices should go up faster, implying perhaps that the National Energy Program is protecting his constituents—small business—too much. I do not see the evidence of the devastation of the small business community, which is mentioned in the motion put forward by the hon. member.

The hon. member made the point that there is no direction of thought for industrial innovation. I would suggest that that is not true either. I would suggest there are other kinds of problems in the area of research and development and innovation in this country which do not relate to the level of government incentives.

I just had a study completed for me relating to international research and development incentives. In other words, I wanted to find out what other countries do to promote research and development and innovation in their countries. My thoughts before the fact were that we would find other countries had large tax incentives, that there were major grants being given to research facilities and private firms. However, we found just the opposite.

Mr. Stevens: Take a look at Ireland.

Mr. Evans: The hon. member says take a look at Ireland. I would suggest that there are probably other countries which have more effective R and D than the one he has just mentioned. Let me point out a few things perhaps for the edification of my colleagues. In the concluding remarks of the study we find:

Other European and Scandinavian countries have less intense programs of R and D, but share many of the basic instruments for its promotion, chiefly, in the government sector, large agencies and institutes—

That is government intervention. The conclusion continues:—of concentrated research and programs of subcontracting R and D work to private laboratories; and, in the private sector, each country has its own high-technology export industries—

That is government supported. The Minister of Industry, Trade and Commerce mentioned the Export Development Corporation. I think he also mentioned, quite correctly, that the hon. member for York-Peel disapproved of that when

Industrial Development

export incentive programs were put forward. To continue with the conclusion in the report, it reads:

—for which the market has rewarded high levels of industrial R and D.

In the first part, it is very interesting to point out that none of the high performance countries—and I should direct this to my hon. friend for Hamilton Mountain (Mr. Deans)—in the area of research and development has worries or policies regarding the location where multinational firms choose to undertake their research. We do, or we should have because of the branch plant nature of our economy. There are countries, some with populations as small as Canada and some smaller that do not use those policies.

Mr. Deans: They do not live immediately adjacent to the head office.

Mr. Evans: The hon. member is pointing out some things I am sure we will want to hear about either from his colleagues or at the end of my speech, if he wishes, he can raise some questions.

Another interesting point raised in the study is this:

Conspicuous by their absence among foreign incentives for invention and innovation are significant tax measures designed to have a major effect on the level of R and D undertaken in each country.

In other words, the kinds of policies we hear being called for in the House by some hon. members, such as for major tax incentives to stimulate R and D and innovation, are policies simply not adopted in the rest of the world.

The French government was very concerned about the level of R and D and innovation. It examined tax incentives and other things. In fact, the French government rejected tax incentives because the French came to Canada to look at the very generous tax incentives that we have here for R and D, and returned having decided they would not work.

There has to be much more fundamentally wrong with R and D and innovation in this country than simply the existence, or lack thereof, of government tax incentives. We have a very good incentive system for R and D.

I have a few points that I want to put on the record for hon. members' consideration. First, the countries leading the world in R and D generally have educational systems where science is vigorously promoted even at the primary school level and through high school years. We all have to admit that is not the case in Canada. I think all members will have to agree that it certainly is not an area where the federal government can do very much, unless we would like to see a constitutional intervention into an area of provincial jurisdiction. We have to work on that. That is a problem which we all have to work on together, federally and provincially. It is a problem which I think we will have to come to grips with very quickly.

● (1450)

Secondly, most of these countries have large scale programs for the diffusion and transfer of information ranging from data banks to institutes where basic innovations are developed for commercial use. Again I think the innovation and research and

development area is an area where the Liberal philosophy has been a philosophy of saying: Let us give you a hand, let us work together, and it is the one that will work, because the evidence seems to indicate that that philosophy and approach is working throughout the entire world. These are the things we are putting forward, and the things I believe the Minister of Industry, Trade and Commerce will be putting forward as an industrial strategy. This will be a co-operative strategy, not a full-fledged private sector strategy by itself, and not one that suggests the private sector should get out of the way and let the government do it. It will be one that shows co-operation and one in which there is some hope of success in light of what we have seen in other parts of the world. Thank you very much, Mr. Speaker.

Mr. Gordon Gilchrist (Scarborough East): Mr. Speaker, I will not say I am happy to be taking part in today's debate of condemnation of government policy on research spending. I do not suppose any concerned citizen would be happy to be condemning the government in which he has put his trust, but I am content to take part in it, and I am intrigued to follow the hon. member for Ottawa Centre (Mr. Evans), having listened to his definition of the philosophies of the three parties, and how they would help Canadians to accomplish even more than they accomplish today. We do accomplish a great deal today and we would not stand in the way of anyone who wants to endorse the announcement of the government of help for Telidon. That is the kind of thing that perhaps could have happened earlier, before Telidon ran into marketing problems in the United States. Comparing the \$27 million to the \$100 million France is putting into their project, I think this may be another case of too little and perhaps too late, but we will hope for the best.

The philosophy the hon. member espoused was one in respect of which I noticed that two of the parties would have government involvement in the private sector. "A helping hand", he said of the Liberal philosophy, and a "government takeover" if it was the NDP. Perhaps government involvement would be good in the private sector, as the hon. member says. Perhaps he can get the Post Office people to take their expertise into the private sector and we can then really get this country bunged up tight.

Another point he mentioned was the value of Canadian Petrofina prior to the government's intervention and helping hand in the oil industry, something which should make a good joke out west. Let me point out to the member that a year ago the value of Petrofina shares was \$50. That is about the level the public thought the value should be. It has not done anything as a company since then to greatly enhance that value. The only thing that has changed has been the federal government's interest in acquiring it. Everyone who owned shares, of course, got interested and excited. The value went up to \$60 last September, and to a \$70 range in December, and that is less than one quarter of a year ago. In January shares were \$87, but our government saw fit to offer \$120, more than double the value of the company's shares. Whether you agree with that or not, I expect soon to hear the Belgian

government giving its Belgian croix de guerre to our Minister of Energy for having retired their national debt while he added to ours.

Some hon. Members: Oh, oh!

Mr. Gilchrist: The last point the hon. member made was that the federal government could do nothing to help the educational aspects of science policy and that, of course, is a complete cop-out. I will get to that later.

There was an interesting article in the Ottawa *Citizen* today to which perhaps the hon. member will allow me to refer. Let me get to what I really wanted to talk about.

I have no difficulty in supporting my colleague, the hon. member for York-Peel (Mr. Stevens) in his motion condemning the government on its research, science and industrial policies. Nor would any concerned Canadian who has taken the time to look at the facts; absolute unassailable facts, Mr. Speaker, of the economic decline of this nation and the inept government of the past 13 years, to be specific. That is the time at which research spending levelled off. Up till then we were doing a pretty creditable job, when Mr. Trudeau came on the scene.

My problem in trying to support the motion is to find out which issues to talk about and which ones to leave alone, there is such a plethora. I could deal with the most serious consequence to the Canadian people, the loss of jobs about which we have talked at some length here today. I could talk about high unemployment and the relative high unemployment of this government in a year of office compared to only six months of the past government which virtually doubled the rate of job creation.

Another aspect of Liberal neglect and mixed up priority which could be discussed at great length is the second-class status given to the small Canadian-owned businesses by government which offers millions of dollars a day to giant corporations like Chrysler and Esso, but fails to recognize the needs of the small business community which does not have the clout or the votes, and I guess thereby does not get the gentle helping hand of this Liberal government. Even now, a year after taking over, the small business loan legislation brought forward by the Conservative government has not been passed by this government but which has finally and maybe reluctantly agreed to extend in order to help small business. Of course we would applaud that.

The motion of censure really mentions the innovative capacity of our industrial sector being starved due to lack of policy, and it mentions the trade deficit in manufactured goods and brings to our attention the surrender of our domestic markets to foreign competitors. Inasmuch as that is my main bailiwick as science and technology critic, I think I will deal mostly with those.

All of the things mentioned in the condemnation are true. The trade figures which were so proudly released earlier this week showing a \$7.9 billion surplus fail to tell the true story. Certainly the export figures are up, but they are off in

Industrial Development

manufactured goods, the kind of export product which has created jobs for Canadians. They are down \$700 million, a deficit in total in manufactured goods of \$17.75 billion. That represents \$17.75 billion of foreign-produced goods bought in Canada more than we sold them, and that is the same number of dollars in lost Canadian jobs; jobs lost because of the blindness of Trudeau governments in the past 13 years which have failed the people of Canada whose trust they had. Those governments failed to invest the sums of money needed to develop the skills and technology which would have put Canada in the forefront of international trade. They failed to create real jobs in the goods-producing sector which would have earned foreign dollars. Instead, they have squandered the same number of dollars on LIP and FLIP, short-term artificial job-creation programs which are still continuing today but which will quickly vanish like Liberal campaign promises.

Do you think the government will ever come to its senses? Do you think it will ever listen to the concerted and unanimous voices of the science community, the academic community, the industrial community, all those people whose business it is to innovate, create, educate and develop the skills which produce the goods that pay for the jobs that raise the standard of living and develop the pride of accomplishment of a nation which has the resources, as my NDP friend said, and has the usable energy and the people with the intelligence to make this country great?

Do you think this government will ever listen to its own knowledgeable people like Dr. Larkin Kerwin, president of the National Research Council, who outlined a financial analysis of research projects completed by the National Research Council? Dr. Kerwin, like many other concerned scientists, knows that value of research in the creation of valuable, high technology jobs and in the generation of real wealth to the citizens and governments of Canada through the production of internationally competitive high-value exportable goods. He has described the benefits to Canada of modest investment in research returning three and fourfold the number of dollars in value, and in short order.

● (1500)

According to Dr. Kerwin, who analysed the years 1973 to 1977, during that period the National Research Council had undertaken about 450 industrial projects with about 230 Canadian companies. Ninety-three million dollars was spent or invested by the council on these projects. The industries concerned experienced, in short order, profits of \$1.8 billion which, of course, were used largely to pay for Canadian jobs. They also paid out \$350 million in corporate taxes on that money, and this gave the Government of Canada a return of \$350 million within four years on an investment of \$93 million. It was not only an excellent investment, but also a first-class means of stimulating the economy.

When hon. members opposite say we are doing things with Challenger jets, STOL aircraft, the Mitels and the Telidons, they simply make our case for us. They only fail by not doing enough. I believe this illustrates some of the gigantic pay-offs a

Industrial Development

country receives from government investment in research and development.

New foreign sales cut into spiralling trade deficits. What a lesson we might take from that! Technologies, instead of non-renewable resources, are explored, and new jobs are created. Local and secondary industry grows and diversifies. Increased government revenues reduce hideous federal fiscal deficits. Depressed regions in Canada receive vibrant new incentives which release federal compensation funds for even more research and development, and more Canadians find jobs.

My New Democratic Party colleague talked about jobs. He talked about full employment for all Canadians being possible, and I agree with him.

Mr. Deans: Thank you.

Mr. Gilchrist: It is not only possible but also highly desirable. It is probably the highest political objective we could have.

Again I refer to the National Research Council on this matter. Dr. Kerwin has unequivocally stated that the spending of .5 per cent of the gross national product more on research and development would create 400,000 new jobs. That would mean the elimination of half the unemployment in this country. Just think of what could be accomplished if we spent 1.5 per cent or 2 per cent more on research and development. We would have no unemployment. We would be giving no gold watches at 65. We would be asking people to hang on for another two or three years. There would be too many jobs for Canadians to handle.

Research and development are part of the dual portfolio of the minister responsible. He has a second responsibility. Therefore, instead of getting the high priority it deserves, the research and development portfolio is getting only part-time action from a minister, who is not able to give his full attention to it because of his other portfolio, the environment, which is also important. To add insult to injury, the same minister is not even a member of the powerful cabinet committee on priorities and planning, so what chance does the desperately needed research and industrial development strategy have? What chance do young Canadians have for jobs or for years in active, dynamic Canadian businesses when we have ineffective ministers of industry, trade and commerce and science and technology? They are ineffectual and invisible. They are buried. They are lost under the smokescreen of constitutional clap-trap which, for a year now, has hidden hopeless ministers under hopeful flag-waving.

The kids who do not find jobs in careers will discover what really lies under that smoke, and the jobless waiting for Uncle Sam to cast a few crumbs our way and put a few Canadians back to work in factories which cannot compete with the United States factories will one day wise up to the dereliction of this Liberal government.

The Concise Oxford Dictionary has a word for the breach of faith shown by this government to the people of Canada

through the huge and increasing annual deficits which this government has run up, the \$15 billion or so a year right about now; the breach of faith to senior citizens, who retired with modest savings and who have watched those savings erode under 10 per cent or more annual inflation; and the breach of faith of the Minister of State for Science and Technology (Mr. Roberts), who made the greatest non-announcement of the year a couple of weeks ago with great pomp and circumstance at the board of trade news conference with a pathetic regurgitation of that old promise to increase research spending to 1.5 per cent of the gross national product by 1985, a figure which will not be met and which, even if it was, would be totally inadequate. There has been a breach of faith by a minister who manipulated words to imply greater effort and striving by the government but who did not admit until the next breath that the government's share would be less as a percentage of expenditures and that the private business sector, which gets that helping hand from the hon. member for Ottawa Centre, will get no help from the government to increase its research spending.

Then to reduce the government's credibility further, there is not the slightest mention of how all this was to come about. There was no mention of tax incentives. There was no mention of tax penalties for non-performance by foreign companies which like to keep their research and good jobs at home. There was no mention of grants. There were just hollow words. There were the same hollow Liberal words we have heard for 13 Trudeau years and which have turned this wonderfully potentially rich jewel of a country into the world's richest banana republic.

To get back to the point of the hon. member for Ottawa Centre about education, let me quote from this very day's *Ottawa Citizen*, which reports the betrayal of the entire scientific community of Canada by the scuttling of the five-year research funding program brought in by the previous Conservative government which this government and this minister said earlier in their term of office they would support and enhance. I would just like to read a little bit of today's item. It is headed "Scientists blast federal government for double-cross". It reads as follows:

In what scientists consider the ultimate double-cross, the federal government has scuttled a major program for revitalization of university research and scientific training programs.

The five-year program, run by the Natural Sciences and Engineering Research Council, was approved in principle last May amid applause from university, government and industry officials across the country.

Designed to get Canadian researchers back to work and offset severe shortages of young engineers and scientists, the plan called for significant budget increases for the council until 1985. Despite reassurances the five-year plan would continue this year, however, it has been quietly sabotaged.

The last sentence says:

"Never before have I seen a government announce with so much fanfare, a policy that it canned a month before," says Cowan.

What kind of government would treat its citizens like that? What kind of Member of Parliament would sit mute and sphinx-like while the Trudeau, MacEachen, Lalonde triumvirate, the three musketeers who cavalierly direct the affairs of

this country, are cutting and slashing the country into several parts? Is there no Liberal member with the courage to speak up for the economic reunification of Canada, instead of the constitutional severing of its parts?

Perhaps that is unfair. Even the Liberal member for Etobicoke-Lakeshore (Mr. Robinson) on December 18 last in this House called on his own minister to accelerate government investment in research to the 1.5 per cent it claims it will get to by 1985, and to do it right away. Is there no other Liberal conscience which rebels at the thought that it voted and lied about an 18-cent gasoline tax but now condones a 10-cent or 12-cent tax, which will go on forever, to pay for the purchase of what must be the dingiest collection of gas stations in the country? This will now allow the bureaucracy of the Government of Canada to get out of the offices and into the streets to compete with and put out of business the small retail gasoline station owners. Will nobody on the other side of the House rise in his place and deplore the spending of a billion and a half Canadian dollars, almost double the value of the company whose shares it bought? All that money is being sent to Belgium, when it could be used to create more Canadian jobs and find more Canadian oil.

● (1510)

It is clear that no one on that side will speak for all Canada, and that is a shame. With a government which is all speech and no action, with a Minister of Science and Technology and Minister of the Environment who speaks about increased research funding and job-creating while cutting back on the government's share, with a Minister of Industry, Trade and Commerce (Mr. Gray) who speaks of industrial growth and job creation while unemployment in industry continues to climb, even in his own constituency, one would think that a government which only speaks would at least speak for all Canadians. Is it any wonder my colleague moved to condemn this well-speaking, smokescreening and underachieving Liberal government, and I unreservedly supported the motion on behalf of all Canadians whose faith in their government has been breached? The word I looked up in the dictionary to explain the phrase I used earlier was "treason".

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to take part in this debate on an industrial development policy. Of course, these words mean different things to different people. It seems to mean to some from whom we have heard today—let the private sector do as it wishes. But, this kind of laissez-faire economy ceased to be viable a very long time ago. To some rather trendy economists talking about industrial strategies, it seems to mean some kind of economic engineering. We have heard talk of picking the winning industries and dropping the losers, which often sounds as harsh as it sounds impractical, because a losing industry means unemployed people and, as the Prime Minister (Mr. Trudeau) once said, unemployed people are not a series of statistics but a series of individual tragedies.

In much of the talk we hear about developing high-technology industries, there is a remarkable lack of sensitivity to the

many people who would be left unemployed and to the fact that many of these people are women with children and households who cannot—if a textile industry in Quebec or Ontario should close down, for example—easily move to Alberta or become employed in a high-technology industry.

When I talk about an industrial strategy, I think of a set of policies, of an orderly and integrated way of co-ordinating government policies and, above all, of a human approach with care for the ideals of social justice, for individual dignity, for safety in the workplace and for industrial democracy. Occupational health and safety must be a particular concern at the present time, because we are still losing far more days of work and industrial productivity as a result of illness or injury on the job than as a result of strikes. Unless there is a progressive sharing of the material wealth of society, unless there is active participation in decision-making by the workers who produce that wealth, we will not succeed and, perhaps, we would not deserve to succeed.

I should like to refer to one of the more promising initiatives which arose out of the study the government initiated a few years ago on various industrial sectors when government, industry and labour worked together in partnership. As one might have expected, the report indicated that umbrella organizations in industry and labour were less successful in relating to each other. For example, a meeting of the Canadian Manufacturers Association and the Canadian Labour Congress was not always terribly productive. But given a situation in which people with similar interests, such as workers and management from a particular sector of industry, got together to discuss the problems of that industry, ways of making it more productive and more prosperous, the members reported that they found more about which to agree than to disagree. Obviously this was because people in the same industry have similar knowledge and interests. A union leader can read a balance sheet as well as anyone else; he knows the product and he knows its possibilities.

The more formalized European type of three-way participation—industry, labour and government—may not necessarily be for us at this time. But it is quite clear that there is very active participation in a less formal way and that this can certainly be enhanced. The moneys which the federal government made available to the labour field some time ago for continued education are certainly being well used. This is increasingly resulting in well-informed and sophisticated labour leaders who have much to contribute to our future industrial development.

These people-oriented initiatives may not sound as glamorous as economists' talk of industrial restructuring and technological innovation, but nevertheless they can help turn the economy around.

I would like to refer to some other elements which I consider to be very important in a set of co-ordinated industrial strategies. The first element is energy, which has already been addressed by a number of speakers today. It is obvious that Canada has not only possibilities but reasonable assurances of security of supply for a long time ahead, which will attract

Industrial Development

investors and will give us a competitive edge, as long as we make the best use of it.

The measures of the National Energy Program are designed to increase Canadian ownership and Canadian control. While we want to do this humanly, reasonably and responsibly, I do not think we need apologize for any of it.

Obviously the question of research and development is important, as is the entire question of supporting our high-technology industries which are the wave of the future. Telidon has been mentioned a number of times today and some of the measures the government has taken to assist Telidon, both domestically and internationally. For example, the Telidon service will be used in information programs of the Canadian government and in demonstration programs partially funded by the government. This type of demonstration, domestically, is important as a base for international sales, and we have seen recently one large international sale with the assistance of the Department of Industry, Trade and Commerce.

Among the best producers of jobs, perhaps now and in the future, are the small innovative high-technology businesses, the kinds which demonstrate evidence of entrepreneurship, while being small enough and local enough to use local labour and facilities. Our small business policy can assist organizations of this kind with loans and grants. Also the Foreign Investment Review Agency has a special policy for small businesses, which wish to invest in Canada, to reduce paperwork and to make simpler the process of approval or non-approval.

● (1520)

Obviously the question of export assistance is extremely important. Our overseas officials are becoming more involved in this issue so that our Canadian businesses have sophisticated assistance to penetrate overseas markets.

The whole question of infrastructure is a very important part of industrial strategy. With our large country, when one talks of infrastructure one immediately thinks of transportation and communication.

The question of the use of government purchasing power to assist Canadian industries is one which I raised as long ago as 1977 in committee. Since 1977 we have seen a tremendous number of innovations in this area. For example, we have seen government purchasing power used to help domestic industries by specifying two or three examples of office furniture or typewriters so that the company could have a longer production line and make economies of scale. With this base some of these companies have then been able to expand into overseas sales. There are a number of ways in which government purchasing power, which is quite considerable, can be used to aggregate the market and provide a domestic base which then allows a company to do other things overseas.

On the domestic front, one severe and continuing problem is in interprovincial regulations which effectively prohibit free trade across Canada. The federal government raised this matter in constitutional talks with the provinces, since we cannot have a strong Canadian economy without a national

domestic market. We can only build a strong export trade from a unified domestic base. I am one of those who had hoped that in our Constitution we would have enshrined the principle of a common market across Canada. I am not without hope that, even if it is not enshrined in the Constitution, it will come into practice if we continue our negotiations.

When we do buy overseas, the area of industrial offsets is also one in which tremendous progress has been made. Ten years ago, if the government made a major purchase overseas, we did not seem to be able to organize an effective exchange, other than having some parts made here. But there has been a tremendous change since then. I was the parliamentary secretary to the minister of supply and services when the negotiations were ongoing about the offset program in relation to fighter aircraft. As recent announcements show, this is a much more sophisticated arrangement. In return for placing a large contract overseas, we receive, not a simple contract for making parts, but a transfer of technology so that jobs can be created in Canada and remain in this country long after the ordered item has ceased to be useful.

Increasing Canadian ownership is basic to all these things and crucial to our development. Unless we have more control of our economy we will again be watching profits drain off to other countries. I say this not in any spirit of recommending wholesale nationalization or attacks on our partners—we want investment in Canada and we need it; we want friendly relations with our allies and neighbours. But we also want investment in Canada to benefit Canada and not only benefit multinational companies which have no particular commitment to Canada. When a multinational company shows itself to be a good corporate citizen, when it is willing to do research and development in Canada and create jobs, it must always be welcome. We must not be afraid to be firm with companies which do not show any commitment to Canada. We have a long tradition of being fair and reasonable in our negotiations. I know that will continue. I think to that fairness and reasonableness must be added increasing firmness to protect our resources and our jobs.

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I welcome this opportunity to discuss various important topics concerning industry, trade and commerce. Among other things, the Department of Industry, Trade and Commerce has the overall responsibility to further the growth, productivity, employment opportunity and prosperity of the Canadian economy. In light of the present condition of the Canadian economy and after more than a decade under a Trudeau government, the minister has his work cut out for him.

Canada is one of the few countries in the world which has the potential for energy self-sufficiency. This is an enormous plus for any country, but the energy policy put forward by the present government seems to be doing much to harm the goal of energy self-sufficiency in Canada. Business needs a sensible, stable and long term energy plan so that it can better provide for the future.

Industrial Development

Canada is also very fortunate to have an abundant supply of resources in terms of both a variety of raw materials and human resources. In theory, we should have a strong economy second to none, yet this does not seem to be the case.

Countries such as Germany and Japan, which import substantial amounts of raw materials and petroleum for energy needs, have vibrant economies. Canadians ask themselves why. The answer is effective policy and planning and a desire by governments to look after their own countries and their own people first.

People respect hard-earned success and action in the face of challenge. Perhaps that is why more and more Canadians are losing respect for the present government, which has had more than enough time to design and implement some sort of effective and far-reaching industrial development strategy for Canada. We cannot afford to surrender our domestic markets to foreign competitors.

We see unacceptable rates of unemployment and inflation and crippling interest rates in Canada today. Nothing is more demeaning for a person who is able to work, who wants to work and who has a family to support than to be unable to find a job. The government should make the creation of jobs and a comprehensive industrial policy its highest priority, and it must not forget the importance of small business to Canada's economy. When our people are working and our plants are at capacity, then perhaps the government can direct its talents to other measures.

Canada is one of the largest countries in the world. We can go a long way in a north-south or east-west direction without ever crossing our borders. The government must start within Canada to solve the real problems affecting Canadians before it goes off looking for others. We need to ensure that industry and business in Canada survive, grow and compete to serve markets both in Canada and abroad. This goal is vital and basic. It requires immediate government attention. Small business needs help now, as it is a vital contributor to employment and the Canadian economy.

● (1530)

We must maintain and strengthen our domestic market in Canada so that Canadians have access to a variety of Canadian goods. The Canadian textile industry has some 1,000 plants located in most parts of the country and employs some 90,000 men and women. Together with the clothing industry, these two industries create total direct employment for some 185,000 people and add to the total indirect employment of another 300,000 people, accounting for total employment of some 485,000 people.

The textile and clothing industries are the largest manufacturing industries and employers of production workers in Canada. One out of every eight jobs in Canada, one out of every four jobs in Quebec and one out of every seven jobs in Manitoba are in these industries. Canada's textile and clothing industries shipped over \$8 billion worth of goods in 1979.

In the primary textile industry the average establishment employed some 80 people and had average shipments of \$3.7

million in 1977. Establishments vary in size, from a large number of small establishments, some 400 employing fewer than 20 people, to a couple of dozen establishments employing more than 500 people. Statistics for 1977 indicate that over 70 per cent of textile establishments had fewer than 50 employees and that some .6 per cent had more than 1,000 employees. The bulk of the industry's output is produced in establishments located in non-metropolitan areas with populations of less than 100,000. For example, the Celanese textile plant located in my riding of Hastings-Frontenac-Lennox and Addington employs some 900 people and is located in an area with an approximate population of some 80,000 people.

Over 60 per cent of clothing manufacturing establishments in 1977 had fewer than 50 employees, with only .5 per cent having employees in the 500 to 1,000 range. The bulk of the industry is in Montreal, Toronto and Winnipeg, with other smaller companies in small and medium-sized communities in Ontario and Quebec.

The textile and clothing industry is a very important source of employment for Canadians and a very important input to our economy. We must ensure that this industry survives and grows. The government must create a comprehensive industrial policy that looks hard at the needs and concerns of the textile and clothing industry.

We have heard stories to the effect that souvenirs such as plastic miniature Canadian mounties purchased at well-known tourist attractions are produced in countries other than Canada. I suppose if we carry this further and the Canadian textile and clothing industry is not given the support it deserves and requires, in the future it may be possible to see real mounties on Parliament Hill wearing real uniforms which are made in a country other than Canada.

Due to the external pressures of world trade and politics foreign suppliers could decide to turn off supply. We all know how cold the winters are in Ottawa. The point I am trying to make is that it is not healthy to allow Canadian industry to disappear. Canadian industry employs Canadians. The problem with increasing dependence on foreign goods is that without proper controls we could be signing the death warrant for our own industries. We may not notice this happening if it is gradual, but the fact remains that if it happens, we run the risk of being held to ransom by a monopoly of foreign suppliers. When all aspects of production, quality and quantity reside with others whose first interest is not the Canadian interest, that makes us economic prisoners and reduces our standard of living.

The government must ensure that Canadian industry is protected now and for the future. This will involve hard work and long-term planning. The Minister of Industry, Trade and Commerce (Mr. Gray) must show leadership, direction and support in getting Canada on its feet and on its way to restoration to a position of respect and strength, not on its way down the garden path where the government has been leading us in the past.

The textile and clothing industry is attempting to strengthen its position in Canada in order to prepare itself for the future.

Industrial Development

This is a big job. The industry is becoming more capital intensive. For example, new equipment in the textile and clothing industry can require investments in the hundreds of thousands of dollars per production worker. To spend this kind of money to grow for the future, industry must be aware of and part of a long-range industrial strategy. The government must get into the act by providing the support and assurance necessary for this long-term planning.

Of major concern to the textile and clothing industry is the threat of low-cost imports from other countries. Total imports of textiles and clothing in 1979 amounted to some \$2.5 billion. While 70 per cent of clothing imports are affected by quotas, Canada still imported some 170 million garments in 1979, which works out to some eight garments for every man, woman and child. Measured by weight, only some 41 per cent of Canada's 1979 consumption of textiles and clothing was produced by Canadian workers, while at the same time United States workers produced some 89 per cent of the consumed products in that country. Canada is one of the world's most open markets to imports of textiles and clothing from developed and developing sources.

Canada lags well behind the United States and the EEC in taking advantage of the international agreement which permits the limiting of textile and clothing imports from developing countries. Only some 7 per cent by volume of textiles are covered by these restraints.

Bilateral restraint agreements are international agreements between countries like Canada and "low wage" countries which set quotas on the import of certain textiles and clothing into Canada from those countries. Most industrialized nations such as the European countries and the United States have such agreements. Canada's existing bilateral restraint agreements are due to expire on December 31, 1981. This is of great importance to the textile and clothing industry in Canada since necessary high cost capital expenditures must be justified on reasonable expectations of continuing protection against "low cost" imports as well as an appropriate rate of return. Industry has generally been prepared to make such expenditures with an eye to whether or not the pay-back period on such costs does not extend beyond the import restraint period. Industry requires support and certainty for long-term planning. The government must listen to the concerns of business in order to foster necessary growth.

The federal government established the textile and clothing board in 1970. Its mandate was essentially to advise and make recommendations to the government on matters affecting the textile and clothing industries. The board's latest report was made public in the summer of 1980 after a very extensive review of the industry. Evidence was presented in the form of 150 briefs, and the board also held 132 private and public hearings across Canada. The board states in its report:

Canada cannot continue to accept increasing quantities of textiles and clothing from "low cost" and state-trading sources. Such an approach would destroy government and industry efforts to maintain in Canada a modern, efficient and competitive textile and clothing industry.

In general terms the principal recommendations of the textile and clothing board in its latest report were that bilateral agreements and quotas should be extended to cover the period from January 1, 1982, to December 31, 1990, that there should be better administrative controls on imports from all countries, and that growth rates of imports of clothing from low-wage and state-trading countries be no higher than the growth rate of the Canadian market.

I urge the minister and his government to announce its decision on the board's report no later than March 31, 1981, so business can look with more certainty and support to the future and get on with needed investment and growth.

The textile and clothing industry is composed of small and medium-sized firms which are all vital to the continuation and vitality of the industry. The innovative capability of business and industry looks to the minister and his government for proper direction and support, which I hope will be forthcoming soon. Time is of the essence.

● (1540)

The Canadian Apparel Manufacturers Institute has reported that the Canadian shirt industry is in a desperate situation. Over 700 shirt workers in Quebec have been laid off or lost their jobs in the last year. This disclosure calls for quick government action on the textile and clothing board report and stresses the need for proper direction and support for an industrial strategy for Canada. The government should help Canadian business through any advantageous procedures available under the General Agreement on Tariffs and Trade and other international agreements. Someone has to stand up for the Canadian interest. Surely it is not too much to ask the Canadian government to do this.

I have been advised by the Canadian Apparel Manufacturers Institute that it is not asking for money to bail out its industry. It is asking that our elected representatives act in a manner consistent with Canada's international rights and obligations to support the continued existence of the industry.

The industry needs the help of the minister and hopes it will be forthcoming. The industry is not asking for the shirt off his back, but if the government continues with its present lack of direction and support, the shirt on the minister's back may not be made in Canada in the future.

I had the opportunity to visit with the plant manager and union representatives at the Celanese plant at Millhaven in Ernestown township and was encouraged to see the understanding and co-operation that exists between management and employees in their effort to expand their textile plant operations for the future.

I ask that the minister and his government show the understanding and co-operation that will support and encourage the industry to grow for the future and thus prevent further loss of jobs.

Canada cannot be allowed to sink gradually deeper and deeper into foreign control of our domestic market. Canadians must provide for Canadians so that we are in the driver's seat

for our future, and the government must help us drive forward, not backward. Its past and present lack of direction has turned us around.

The recently announced community program for economic development does not address the serious problems with which the textile and clothing industry is faced, but it cannot and must not be phased out because of the job implications. We need action on the part of government now in order to avert another Chrysler situation in Canada, where massive government financial aid is required. We need a proper climate in which to update and modernize.

Investment in new plant and equipment requires a proper climate in which to update or modernize, and only the proper attitude on the part of this government can provide it. The whole question of renewal of the textile and clothing sectors is one of the basic issues that should be addressed in an industrial development policy.

Textile companies are capital and technology intensive, factors that have created good working conditions and better productivity. Productivity has to be encouraged in any operation, especially in government.

Protection of our small domestic market is essential to our standard of living, and it is not too much to expect from our government.

I share the concern of many textile workers in my constituency that the recommendations made by the textile and clothing board should be implemented fully in order to ensure that Canada continues to have a healthy textile and clothing industry. Failure to act will result in massive unemployment in Ontario and Quebec and will have an extremely serious effect on the economy in the Kingston area.

Mr. Speaker, I ask the Minister of Industry, Trade and Commerce to support the recommendations of the textile and clothing board and implement them as soon as possible.

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of State (Trade)): Mr. Speaker, this is a rather long and somewhat complicated title to say out loud. In my opinion, trade, and especially foreign trade, is an essential part of an industrial strategy, and it is in this context that I rise today to give an admittedly brief but detailed outline of the initiatives taken in the last few months by the government to promote Canadian trade and Canadian export of manufactured products. Canadians may not always realize this, Mr. Speaker, but Canada is an exporting country. In fact, Canada's percentage of its gross national product allocated to export is the highest, or one of the highest, among our trading partners in the OECD. Mr. Speaker, Canadian exports represent 30 per cent of our total economic activity. And in spite of extremely difficult economic conditions in the last few years and on almost zero growth in real terms experienced by our trading partners in the OECD, it was reassuring to learn a few days ago that our economic performance as concerns exports had enabled Canada to increase the value of its exports by over

Industrial Development

\$10.9 billion to \$76.1 billion. Not only have we increased the value of our exports, but we have done so in nearly all sectors of economic activity. For instance, there has been an increase of \$1.6 million in wheat export, an increase of \$1.2 million in pulp and paper and newsprint export, and even an increase of \$400 million in equipment export.

We can go even further by pointing out that, because of our privileged relationship with our neighbour to the south, our trade with the United States has accounted in the past for 70 per cent of our trade. It is therefore extremely comforting that more than two thirds of the increase in our exports, for a value of about \$7 billion, during the year 1980 over the previous year can be attributed to our efforts to develop new markets or markets where our penetration was not as effective in the past, such as Japan, the Pacific rim countries and western Europe.

I refer to this because, although this privileged relationship with the American giant to the south must and will be maintained, it is healthy for Canada to find new markets, if only to take advantage of the major economic growth which the countries that I mentioned earlier will know during the eighties at a time when, according to the economic forecasts of international experts and agencies involved in this area, our more traditional markets will experience some stagnation or a very slight economic growth in the coming years. Thus, if Canada wants to continue to increase its exports and keep its traditional share of the international world trade, it will have to do so in new markets. Well, opening new markets is not as easy as it may seem, especially for Canada's small and medium-size businesses which are used to supply local or national markets and occasionally expand into the United States where conditions are similar to ours when it comes to trade practices, market trends and consumer habits. They feel it is very costly, complicated and seldom very motivating to fly across oceans and go knocking on doors of tradesmen in Hong Kong, Singapore, Kuala Lumpur or elsewhere where trade practices are different, where costs are very high and where the amount of time spent doing business prevents industry leaders from looking after their own operations back home.

● (1550)

That is why the Canadian government has offered incentives, and here I have in mind the program for Export Market Development which makes it possible for a small Canadian business to avail itself of a kind of prospection insurance, to travel abroad, and explore markets in an attempt to pick up sales orders. Trade being what it is, a businessman may or may not succeed, but should he fail he can at least hope that the Canadian government will repay him part of his expenses. I will be told that any businessman who wants to export should be able to pay his own way to secure new markets and, in principle, that is correct.

But unfortunately, because of traditions or through force of habit, small and medium-size Canadian businesses have been

Industrial Development

reluctant in the past to jump into the unknown whereas, for instance, the great majority of exports from the federal Republic of Germany are channelled through such businesses. Other countries like Canada or France have shown a tendency to let the giants operate and to let major companies—often Canadian branches of multinationals—use their markets or their information facilities. Our companies would rather act as subcontractors or, as I said earlier, fill the needs of local markets. When economic activities elsewhere are such that each year they record a growth rate of 5 per cent 6 per cent or 7 per cent a businessman may be satisfied with that approach if he considers stagnant conditions back home. If any Canadian business, big or small, is to survive it must seek out markets to boost its sales.

So, Mr. Speaker, it may be correct to say that Canadian businesses ought to be able to open markets on their own, but reality is such that measures like the program for Export Market Development have been fully endorsed by the Canadian business community, most particularly by small and medium-size businesses. So much so that at the end of 1980 all funds had been spent and there was a mini-revolt among Canadian businessmen. Two or three months after the money was gone we had to get more for this program and that shows how popular it is, but what is a lot more significant is the fact that small and medium-size businesses have begun to show interest in export markets.

In reply to this request, the Minister of State for Trade (Mr. Lumley) announced on January 5 that the government would double the funds made available under this program as well as those made available for exhibitions and missions. What about exhibitions and missions? This is another program which provides assistance to small and medium-size Canadian businesses by increasing their exposure and showing their goods abroad without having to travel, to contact local agents, to move in line like a travelling circus loading and unloading their products, since it is the government which takes charge most of the time of the logistics when Canadian products of competitive quality are being displayed abroad. These programs make the export markets more accessible to the corporations which want to take advantage of them. They are quite popular. Even if we are not used to international trade fairs, and although a number have been held, there is one in Ontario for spare parts for cars. As far as I know, it is an approach which is largely used in Europe, especially in Germany and Great Britain. As I said earlier, this program is a tremendous success, so much so in fact that we have also doubled the funds for this program.

Third, an important aspect of Canadian exports deals with capital intensive projects. A parliamentary committee, and I shall come back to this in my closing remarks, is looking into that matter. However, outside the work of that parliamentary committee, Canadian businesses have had occasion in the past to explore the possibilities for Canada to export for capital

intensive projects or what is commonly known as turnkey projects. According to their findings, whether they were dealing with turnkey or capital intensive projects, or big projects involving huge amounts of money, when otherwise competitive Canadian companies which had availed themselves of the advantages and services offered by the Export Development Corporation went abroad to offer their services, competing companies from other countries, especially France and Japan, enjoyed credit facilities through their governments that were so much better than ours, in the sense that all things being equal, or even occasionally the Canadian offer being superior, the credit terms offered by the buyer country were such that French or Japanese companies were awarded the contracts. What technique was used? That is known as a credit mix. What, then is a credit mix? I shall try to explain in a few words, Mr. Speaker.

Rates of interest are not the same in all industrialized countries. In Canada, they are, as we know, around 15 per cent; in the United States, 17 per cent; in Europe, depending on the country, they run from 9 to 15 per cent; in Japan, they stand around 7 or 8 per cent. So, with the case of a contract to export goods for a huge amount, since these goods often go to underdeveloped countries, or countries with insufficient funds available, part of the exports have to be financed. In most cases, government agencies do the financing; in Canada, the Export Development Corporation does it. So, in order to prevent government institutions from outbidding each other with regard to interest rates, developed countries have agreed never to offer a rate that is lower than a set percentage; at the present time that rate is 7.75 per cent. It is known as the floor rate.

Those countries with a national interest rate of 7.75 per cent do not have to grant any help to their local businesses. But a country like Canada, with higher interest rates through its Export Development Corporation, does have to provide guarantees to Canadian financial companies in order to bring down the interest rate to a level near the consensual rate. But there are always some shrewd types, Mr. Speaker, who find ways to thwart deals freely entered into by the parties. This is particularly so with the French who have developed and implemented a technique called joint credit. What is joint credit? The consensual rate is offered for the normally allowed part of the export guarantees, i.e. 85 per cent of a project.

On the other hand, a few months before, a minister has negotiated with the government of the other country a deal or a draft deal under the terms of which the French government undertakes to grant financial assistance to stimulate that country's economic development. Then what happens? For a given project, the French government will say: "If you accept the submission of the French company, we will provide the consensual rate of 85 per cent. And for the remaining 15 per cent, we will offer a preferential rate, either an interest-free loan or a loan with a minimal 2.5 per cent or 3 per cent

interest rate with such repayment conditions, say over a 20 to 25-year period, that the financing is brought down to 4 per cent or 4.5 per cent." That is how it is possible to overtake competitors offering 7.75 per cent.

Canada has been fighting for years—I will conclude in just a minute, Mr. Speaker—to get OECD partners to comply with consensual agreements. Unfortunately, we have not been as successful as we expected. That is why on January 5, the Minister of State for Trade announced that Canada would no longer let itself be outwitted in such a way and that where a foreign government supports in this manner a foreign company bidding for a contract for which a competitive Canadian company is also bidding, the government would meet up to a maximum of \$900 million in business not in grants over the next three years, the conditions offered by the foreign government.

That provides a terrific opportunity for Canadian firms to finally compete on an equal basis and on an equal footing with foreign companies that are supported by their governments.

I see that time is flying and that I will not be able to discuss the parliamentary committee on the establishment of a national trading company. Perhaps some of my colleagues who are here today will touch upon this subject. In any event, this is one of the government's latest moves, to ask a parliamentary committee, a task force, to examine the additional technical support that could be offered to small and medium-sized businesses in order to encourage them to move onto the export market. That clearly shows, Mr. Speaker, that there is an actual willingness on the government's part to encourage Canadian business on the commercial and export levels through all available means.

● (1600)

[English]

Mr. John Thomson (Calgary South): Mr. Speaker, I am disappointed that the hon. member for Ottawa Centre (Mr. Evans) is just leaving as I wanted to make a remark or two about his comments concerning the acquisition of Petrofina. I thank the hon. member for returning.

Unfortunately, I did not catch all his remarks, but I gather he was trying to justify the acquisition price of \$120 per share by the fact that the price was \$87 per share when negotiations commenced. I would ask the hon. member, and perhaps he can give me an answer at a later date, how he can justify paying \$120 per share today for a company which was selling its shares on the market one year ago at \$50 per share, particularly when 60 per cent of the assets of Petrofina in Canada are comprised of service stations, the real estate on which the service stations are located and a refinery? I would like to know how he could possibly justify a premium of \$120 per share over the figure of \$50 a share a year ago in the improved asset value comprised of hardware such as a refinery and service stations. That certainly does not make any sense to me. There is one other matter I should like to point out to the hon.

Industrial Development

member. If he or I personally decided to buy a share of Canada Petrofina at \$120 and we borrowed the money to do so from the bank, we would have to pay 20 per cent interest. In that case we would have to pay \$24 in interest per year on the original \$120. Canada Petrofina earned, or will have earned approximately \$8 a share in the year just ended, 1980. As a result the hon. member and I would both happily or unhappily enjoy a loss on our investment of \$16 per share, being the difference between the \$24 interest cost and the \$8 in earnings from the company. What surprises me is how PetroCan shuffled the deck or the money in order to make this a good deal for every Canadian taxpayer. That is a mystery to me.

There is one other comment I would like to make about the acquisition of Petrofina by PetroCan. This acquisition does not add one single barrel of new oil or one cubic foot of gas to the reserves of the Canadian people.

Let me return to a consideration of the matter of trade and the economic environment in which Canada finds itself today. I do not think we can look at Canada, as the Liberal government is prone to do, in isolation from the rest of the world. Things are moving at a very rapid pace; technology is changing very rapidly on a worldwide basis along with trading patterns and competitive forces. We cannot just look at what we are doing in Canada, isolating ourselves from the rest of the world.

The Liberal government has its priorities wrong. Perhaps one of the best examples of the error of its priorities can be found in the acquisition of Petrofina. I do not see how that will assist economic development in this country.

At home and abroad the competitive position of Canadian industries is being steadily eroded. Whether you like it or not, the government may be doing in its eyes all these good things for Canadian industry, but the fact of the matter is that we had a trade deficit in manufactured goods in 1980 of very close to \$18 billion. That is five times the trade deficit in manufactured goods we experienced in 1970. Whether we like it or not, we are losing the game. From 1970 to 1977, and these are the latest figures I could get, the proportion of the Canadian market served by imports grew from 26 per cent to just over 31 per cent. We are continually importing more and more goods to supply the Canadian economy.

Canada's share of the world's manufactured exports dropped from 5.6 per cent in 1970 to 3.8 per cent in 1977. We are losing the game. The difficulties of the Canadian manufacturing sector are chronic and will continue to be chronic until we face up to some fundamental changes in our economy. Government tinkering is not going to solve our problems.

● (1610)

Industrial development policy in Canada is not a quick fix—all of us would agree with that—but it does require major changes in the way we view the world economy. For many years Canada has followed the comfortable approach that if it takes its lead from the United States, it will still be better off than most of the other competitors in the world economy.

Industrial Development

The reality is that United States industry has lost a great deal of ground and is still continuing to lose ground, and while the United States may have lagged behind the world economy, Canada has languished and today stands not one step behind the leader but two or three steps back of the pack. For Canada, heavy dependence on viewing events in the industrial world through the eyes of the United States has become a liability, and I think the greatest evidence of that is the example of Chrysler. I do not think one could name a better example. We have been on the coattails of the U.S. economy and expecting to ride on the coattails of the U.S. economy, and now we find ourselves with a Chrysler situation, a Ford situation and, I might add, a Massey-Ferguson situation on our hands.

The signals Canada has been getting have often been wrong and all too often too late. That is what has happened in the case of Chrysler. That is what has happened in the case of our automobile industries. We in Canada have not adapted to the real world of automobile production.

The industrial development policy of the Liberal government is at the bottom, I suggest, of its priorities, and has been for a decade. What are the policies of the Liberal government? I suggest its policies are to nationalize industry. Another policy on which the Liberals have placed a great deal of stress—I suppose because it has great political appeal, although I am blessed if I understand why—is economic nationalism. Economic nationalism is a sickness and a disease, and it can do nothing but hurt Canadian industry and drive jobs out of our country.

I suppose the other major thrust of Liberal policy for the last decade has been a preoccupation with government intervention. I suppose that mentality is most clearly demonstrated by the National Energy Program.

I suggest that these policies, nationalizing industries, economic nationalism and government intervention, have left the Canadian manufacturing industry in serious jeopardy. I said earlier that Canada cannot isolate itself from the world. We should be encouraging foreign investment to come here and participate in the development of our country, under our rules, and we should be encouraging Canadians to venture abroad and participate in the development of the free world.

Liberal industrial policy focuses on increasing the role of the government in the economy and diminishing the role of the private sector. This government is more concerned about creating bureaucracies than creating wealth and growth. This government wants to bail out the losers. That is Liberal policy. Instead of building on our strength, the Liberal government focuses on our weaknesses and a national policy of helping the big corporations which cannot compete and ignoring our small and medium-sized businesses.

The government says, "Let's help Imperial Oil, let's help Chrysler, let's help Massey-Ferguson, but let us not pay any attention to our small and medium-sized businesses." These latter businesses are truly the opportunity area for Canada's future. Those are the companies which today will build the

opportunities for tomorrow for Canadians and build opportunities for our children to have work and to have jobs.

Government trade policies have led us to selling our non-renewable resources to finance an enormous balance of payments deficit, which is growing at a staggering rate. While research is recognized as the cornerstone of improving our manufacturing industry, the Liberal government has completely failed in its policies to encourage adequate research by Canadian industry. I say that in spite of what has been said this afternoon.

I just do not believe, and I do not think any other Canadian or Canadian company believes, that if the government provides an incentive for research, research will not take place. The fact is that the government has never had an incentive policy for research in this country.

Canada has enormous potential to improve its export position in the area of capital projects by assisting small and medium-sized businesses, but instead of offering incentives to the private sector to improve its export position, the government focuses on interventionist policies in the belief that since the private sector is not doing the job, obviously the government can do it better.

Continued foreign borrowing to cover the trade deficit is a poor policy choice because it commits the country to pay a rising sum in interest and principal repayments. I think interest on our foreign debt this year will be approaching, if not exceed, \$10 billion a year. That is a staggering sum of money.

What we have suffered from in the last decade has been an emphasis upon the redistribution of existing income rather than the generation of new growth and new income in this country. Canada is surely at a point in its economic history where more savings should be directed into new productive business investment and Canadian ownership.

The choice before Canadians should not be to take further strides in the direction of state control but, surely, to restore the balance in favour of individual enterprise. We will have to make a choice. We will have to choose between these two value systems. We will have to choose whether we will head for further state control or return the balance in favour of individual enterprise. I think that is a crucial factor in determining Canada's economic future. It is my belief that that future depends on the spirit of entrepreneurship.

Investment in plant and equipment in the last ten years has been inadequate. The result is that we have not sufficiently increased our capacity to respond to the potential downstream growth in demand for Canadian goods, either domestic or foreign. We desperately need capital investment in this country to modernize and bring our factories up to a competitive position.

Instead of allowing for a free flow of goods, capital and human resources, the Liberal government has attempted to control these aspects of our economy in a way which completely defeats industrial growth.

For established industries in need of adjustment the Liberal government has relied on protective tariffs borne directly by

the consumers of this country instead of offering programs to industry which would enable it to restructure and modernize. For sectors with high-growth potential and outstanding opportunities, the government has avoided any selective targeting to allow these companies to compete in world markets and has instead used a scatter-gun approach to the deployment of government funds and assistance.

I do not think Canada can continue to tolerate a deficit on manufactured goods of the staggering proportions I have just mentioned, \$18 billion a year, because if we do, and as we further increase this deficit, we will be forced to rely on the continuing export of our non-renewable resources. Where does this lead us?

I think it is absolutely crucial that Canada improve its export position in manufactured goods. There are 945,000 people out of work in Canada today, and as the competitive position of Canadian industry continues to be eroded, more and more people will find themselves out of work. That in itself is evidence enough to attack our problem of importing increasing amounts of manufactured goods into Canada.

If Canada is to improve its export position, we must improve our technology through research. Tax incentives or tax credits must be offered to encourage at least a doubling of our research efforts in Canada.

The other vital element of improving our export position is to lower the cost structure of our manufacturing industries. Corporate income taxes in this country represent far too high a proportion of the costs of manufacturing for us to be competitive in world markets. As I said, the Liberal government continues to focus its attention on tariff protection, training programs, taxation, punitive energy policies and an incoherent regional development program instead of encouraging the private sector to be more competitive.

● (1620)

In concluding my remarks I should like to give another result of the crazy, idiotic economic development policy of the Liberal government. To date the National Energy Program has driven 120 rigs out of our country. I am sure hon. members on the other side of the House have received copies of the estimates to which I am referring. The Canadian Association of Oilwell Drilling Contractors indicates that by May 15 a further 201 rigs will either go across the United States border or will become idle. That will mean a total of 320 rigs in Canada will be idle by virtue of the National Energy Program.

Mr. Collenette: Oh!

Mr. Thomson: The hon. member scoffs, but these are facts.

Mr. Collenette: You are rigging the facts.

Mr. Thomson: I am quoting these figures from a letter which was sent to every member of Parliament by the Canadian Association of Oilwell Drilling Contractors.

Industrial Development

Mr. Collenette: They were going to cut back before the NEP.

Mr. Thomson: No, they were not. The government does not listen.

Mr. Collenette: Sure they were.

Mr. Thomson: The hon. member said that they were going to cut back before the NEP. Does he think they were going to cut back by 320 rigs? The member should not be absurd.

Mr. Collenette: I do not believe you.

Mr. Thomson: The member does not know about what he is talking. He does not believe me, but these are the facts. The association indicated:

The drilling and servicing fleet being moved from Canada in the 184 days since the NEP was issued will eliminate 7,200 jobs at the field level. The downstream effect is estimated to eliminate another 18,000 jobs, or a total of over 25,000 Canadian jobs destroyed.

With the further 201 rigs idle, in addition to the 120 rigs that have already gone across the border, the Canadian Association of Oilwell Drilling Contractors indicated:

The drilling and servicing equipment forecast to be out of service by the NEP will affect the jobs of approximately 10,000 people at the field level.

Also the association indicated:

If the shut down continues, the spin-off effect could cause the loss of jobs for another 25,000 Canadians.

Therefore, the loss of 320 drilling rigs will cost this country 60,000 jobs. Where are the priorities of the Liberal government? If the country is to have an effective economic development program, it is essential to scrap wasteful and production-retarding government regulations which devour capital but produce no wealth. We must restrict the over-all role of the government in the economy in order to enhance personal incentive. Above all, we must stimulate increased supply and production instead of increased demand and consumption.

Some hon. Members: Hear, hear!

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I really did not have any particular intention of speaking in the debate today, but I was sort of provoked into it. I do not have any particular objection to the motion condemning the government for bailing out foreign corporations instead of implementing a desperately-needed industrial development policy. It sounds like the industrial strategy about which my party talked for the past three or four years, especially my leader, the hon. member for Oshawa (Mr. Broadbent).

The resultant devastation of the small business sector, certainly the situation respecting bankruptcies, has been tragic. It was caused by high interest rates, the lack of support for industrial innovation and the surrender of domestic markets to manufactured goods. All of those matters are true. The foreign competitors in our local markets are crippling construction and other production sectors, there are high interest rates; tens of thousands of jobs have been lost. No one could quarrel with those facts. They are happening.

Industrial Development

It is extremely important to ask what the Conservatives would have done differently.

Mr. Taylor: Everything.

Mr. Rose: I know what they would have done differently. They are greater ideologists than the members of my party, but we are the ones who are always accused of being ideological. What do they say? They say, "Don't intervene". I heard the former hon. member for Crowfoot say that there should not be government intervention into the agricultural sector, that the government should leave cattle ranchers alone, but that government regulations should be used to keep out competitive Australian beef and to give them land at ten cents per acre.

Another comment I heard was that the government should not regulate. The hon. member for Calgary South (Mr. Thomson) said, "Don't regulate us. Just leave us alone. We will be fine." Then many of the industries and resource companies will be using the air and water as a sewer. They will pass on their pollution and social costs to future generations. That is what they mean by "don't regulate". They do not want to be regulated because they might want to form a cartel and fix a few prices; then the government might find out what they are doing and ruin their competition.

Also they say, "don't redistribute income". Does that mean that they are opposed to medicare, which is a redistribution mechanism? Are they opposed to pensions, which is another way to redistribute wealth? What about welfare? Should we just leave it all, create a lot of capital and a lot of J. P. Morgans? Will the rest of us be well off? It is utter clap-trap, but we hear it all the time. They asked for a better balance between individual enterprise and the state and indicated that corporate taxes were too high. Approximately 25 years ago corporate taxes paid half the national revenue; today it is roughly 20 per cent. The Conservative Party is asking us to return to this. I cannot support it, and I do not think most Canadians would support it. That is one of the reasons the Conservatives lost the last election.

Mr. Collenette: Right on.

Mr. Rose: They talk about industrial growth not occurring. They ask, "Where is it occurring, where is it occurring?" It is occurring in places where industry, government and labour work together and plan for industrial growth. It does not work in non-interventionist societies at all. It works in Japan, West Germany and Sweden. There is industrial growth in those places, but not in the United States, because the fact is that there is no economic growth in many mature industrialized societies.

We kid ourselves when we say that there will be industrial growth by cutting taxes, that corporate taxes are too high or that interest rates are needed to create tight money to limit inflation. None of these things have worked. We must face that none of these things have worked.

They do not want any government intervention but they want selected targeting in certain industries. That would provide certain industries with government help, but they do not want government intervention. There is a lot of contradiction in those terms.

Also the hon. member for Calgary South said that we should not export our raw resources. From where on earth does he think the wealth of Calgary came? It was from the rape of the resources and the sell-out of one million barrels per day to the United States between 1965 and 1971, but some of them will get up and say that it was not one million barrels per day except in 1971. That is from where the wealth came. I agree the manufacturing sector is declining; no one quarrels with that. Why is it declining? Is it because Canadians are non-productive or certain government policies have hastened the decline in manufacturing? That is exactly what happened. That is why the governments which have been in power across the way for the last ten or 12 years—and it seems to me like forever—need to be severely criticized, but the solutions offered by the loyal opposition are far worse than the disease.

● (1630)

They talk about no bailouts to big foreign corporations. What about Bill Davis' \$30 million to Ford? Isn't that a bailout to a big, foreign corporation? So there are only some big foreign corporations that we should not bail out. After all, Chrysler, Massey-Ferguson and some of the others are apparently no good. I would like them to go to the Chrysler dealers in their own communities and find out how they feel about the bail-out of Chrysler. Are they willing to accept the job losses because of that disruption, I suppose it is called? I have forgotten what euphemisms are used to describe people being put out of work while industries readjust. Most Canadians are not willing to accept that kind of free enterprise, nineteenth century approach to our economy. It does not work any more. It never did. It causes nothing but tragedy, so do not ask us to buy it on that ground.

What I think we need to do as far as bailouts are concerned is, if we have a foreign corporation which needs to be bailed out, to say, "Okay, we will give you \$500 million out of the public purse, but we want \$500 million worth of equity." "When you make all that money digging holes all over the Beaufort Sea, because we have given you \$100 million, Dome Petroleum, we want part of the profits to accrue to the Canadian people."

A while ago someone here said Petrofina did not produce one drop of oil, not one cubic metre, not one inky, dinky spot of oil—none, they produce not enough oil to mark your pants and require them to be cleaned. Who does produce the oil? Exploration companies produce the oil. The big multinationals produce the oil. When we raise the price of oil, do we receive any benefit from it? No. We pay not only through incentive grants, but through higher oil prices, so they can make bigger profits to ship more money to the United States, or wherever. Since 1975 \$3.5 billion in dividends, interest shares and profits have gone to the foreign multinationals.

Since the Conservatives are so anxious to bash around big foreign business I would like to know why, when they were in office for that glimpse of time—when they enjoyed that nine-month pregnancy—they did not give birth to a far more difficult and tough foreign investment review agency.

It seems to me that one of our problems is that we have a decline in manufacturing because the people who are our mid-sized manufacturers have selectively sold out to foreign interests. On the one hand we give them R and D incentives, they begin to succeed and then they look attractive to the hungry eyes of the foreign corporations. After we have given them all that money, they sell out. Over the last year, if you look at all the applications which came before FIRA, something in the order of 80 per cent to 85 per cent have been approved. When we get the kind of R and D we are talking about, if it will help—and nobody is certain that it will—there is a great big question about whether or not R and D does help. I will go into that in a moment.

The point here is that we do not have R and D in this country because we do not own our own manufacturing industry in large measure in this country. That is why we do not have the R and D here, because it is all done by the parent company in the United States, or wherever it is located. We had an example of this the other day, and we will have more of it. The hon. member for Central Nova (Mr. MacKay) raised the question having to do with the telecommunications industry.

One of the biggest growth industries in industrial democracies in the west will be the telecommunications industry. We heard about Telidon today and the \$27 million over two years which the government will use for it. I congratulate the government for that. But one of the biggest industries in the United States and Canada, too—and we have a substantial lead—can be threatened if we allow foreign satellites to carry data and transmit it back and forth, to and from Canada's major cities.

There is an application now by Satellite Business Systems for permission to hook up to five Canadian cities through the Federal Communications Commission in the United States. What will that do? It will hook IBM and some of the other big giants in the United States into their subsidiaries in Canada, allowing them to do an end run around the telephone companies and various other carriers and our own Telesat, enabling that kind of information to flow back to the United States with the potential loss of thousands of jobs.

Is this the NDP, those woolly-headed, weepy-eyed, impractical dreamers saying this? Of course not. A hard-headed ex-judge of the Supreme Court, one time head of MacMillan-Bloedel, J. D. Clyne, said in his report that if we allow the communications industry and the data processing industry to escape our national borders, we would lose thousands and thousands of jobs.

Let us not talk about bailouts. Let us talk about economic nationalism for a change. Sure, we need to assist small and medium-sized businesses. Of course we do, because they create far more jobs than big businesses. Someone estimated that if

Industrial Development

every business employing over 500 were nationalized then 60 per cent to 75 per cent of the people would be working for small private business. Nobody wants to throttle small or private business in this country, but what we have allowed to happen with them is to be selectively, continuously and progressively sold out so that we do not own them any more.

If all we will be doing by aiding them through R and D, and other kinds of incentives—of course we do not want any government intrusion, but we would like some incentives for small and medium-sized business just to make them grow so they will become an attractive prospect to a foreign business because we have a gutless, toothless FIRA program in this country—then this party is not in favour of it. We will oppose that kind of thing.

Someone said we have no "Buy Canadian" policy. I believe it was the lead-off speaker who made that remark. He is right. We had an example of a dry dock slated to be built for Vancouver. Where is it to be built now? Japan. One wonders where Dome Petroleum Company, that recipient of the bounty not only of our resources but of numerous incentive grants, and the last one I heard of was for the Beaufort Sea in the range of \$100 million, will buy their oil barge. They are dickering with Singapore. Do we do anything about that? Of course not, because we are loyal Canadians, we are staunch and we want to protect our local industry, since to do otherwise would be supernationalistic, even jingoistic. Of course we cannot have that. Where does Dome plan to buy its ship which will work in the Arctic? You guessed it. Louisiana.

A little while ago someone spoke about R and D. Certainly R and D has been inadequate in this country in certain areas. Dr. Kerwin, the head of the National Research Council for Canada, produced these figures based on 1968 records. According to our gross national product, the amount of money we spent on R and D is .9 per cent, or not quite 1 per cent. And we rank twelfth in the industrialized world. Those figures are with respect to government spending.

We rank eighth in the world with respect to our R and D in the energy field. Guess what we put most of it into. Do we put it into alternatives? No. Of the \$157 million allocated in 1978—and I can give you later figures if you are interested—we spent \$108 million on nuclear energy. With all the controversy in that area, frightening as it is, we still continue to put all our radiant eggs into the Candu basket.

Do you know what we spent in 1978 on renewables, Mr. Speaker? It was 5 per cent of our research and development money, which amounted to \$8 million. When we talk conservation on the supply side, which is where we are still spending most of our money, 80 per cent of the money in the National Energy Program will go to the supply side, so we can live as we always have, as energy gluttons. How much will we spend to limit demand? How much did we spend in 1978? Some \$14 million, or 9 per cent, which will be bumped up to 12 per cent, so we do not freeze in the dark. This is a ludicrous kind of arrangement for R and D. Let us look at the figures as compared with the United States.

Industrial Development

● (1640)

Compared to the United States, Canada's rate of contribution to R and D is .9 per cent of its GNP. The industry in the United States and Canada accounts for 41 per cent of spending. The United States spends 2.3 per cent of its GNP on R and D. Industry contributes 71 per cent of that amount. This supports what I have been saying. Since a large portion of our manufacturing and resource industries are not owned and operated by Canadians, we do not have a very large contribution to R and D. The record is very discouraging.

Dr. Kerwin, head of the National Research Council, said that the contribution to R and D is not high enough, that as a result we are not developing the kind of growth and are not taking leadership in certain industries in which we excel and, therefore, must put more money into R and D. By 1985 the contribution to R and D should be at least 1.5 per cent of the GNP. Even at that rate, Canada would still be one percentage point behind the United States.

Mr. Speaker, I see that you are getting restless. Is my time just about up?

Mr. Deputy Speaker: You have about two minutes.

Mr. Rose: I was just getting warmed up, although I may have cooled off many other hon. members. I agree with the hon. member for Calgary South who said that we should have selective targets. If R and D is thrown at every industry, it does not mean that it will pay off. I have here an example given by Hazel Henderson in a paper published by Doubleday & Co. which cites that:

—the well-known cases of the steel works in Horndal, Sweden and the textile factory in Lowell, Massachusetts, which, with no additional inputs of capital over 15 and 20 years, continuously increased productivity at an average of 2 per cent annually.

That does not necessarily mean that all industries are equally suitable and will benefit from a transfusion of R and D. Research and development is a matter of motherhood. What we should be aiming our R and D programs at are areas such as those of high technology where we have a chance of developing, maintaining and expanding the Canadian interest. Another example would be alternative energy. In this way, Canada can accomplish a great deal, which it will not accomplish, as the motion says, as long as we sit here and only react to the United States. We must act, and the time is now.

Mr. Stevens: Mr. Speaker, I would like to bring a most grave matter of privilege to the attention of the House. It centres around the absolute contempt which the Minister of Industry, Trade and Commerce (Mr. Gray) has shown for the House today. If I may, I would like to take you through certain circumstances.

This morning on the national news it was announced that there would be an announcement with respect to Massey-Ferguson. I asked the minister in the question period at approximately 11.55 this morning the following question: "Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Has he any statement to make with respect to

the present negotiations involving the Massey-Ferguson situation and, if so, could he tell us what form the statement will take? Will he be making a statement on motions, or how will this House first be informed as to what his conclusions are?"

The minister replied: "Madam Speaker, I have no statement to make at this time, but the matter is under active review."

I have since learned that not only did the minister have a statement, but it was actually being typed and prepared at the time of my question, not for presentation to this House of Commons, but to a press conference which the minister chose to call by posting a notice in the press gallery which stated:

The Honourable Herb Gray, Minister of Industry, Trade and Commerce, will be available to meet with members of the media as follows:

Date: February 6, 1981

Time: 3 p.m.

Location: C. D. Howe Building
235 Queen Street
11th Floor
Executive Complex

Subject: Massey-Ferguson

In spite of the fact that the minister was questioned this morning on this matter, that today was an opposition day on a motion which touches on this matter and that the minister spoke in this House on that motion between 12.30 and one o'clock today, he gave absolutely no notification to this House that he intended to make an announcement today concerning Massey-Ferguson. The minister chose to hold a press conference at three o'clock to present a prepared text and a backgrounder concerning his position on Massey-Ferguson. Even after the press conference, the minister failed to return to this House to give an explanation as to what he has in mind with respect to Massey-Ferguson.

I intend to go into more detail on my question of privilege, but I would merely like to give notice at this point. If my question of privilege is not found to be valid on the point I am raising, then this chamber becomes redundant. It is absolutely immaterial as to what we wish to debate or what questions we wish to put to the minister, if he is allowed to be so contemptuous of what is the supreme body of this nation.

I give formal notice of my intention to raise a question of privilege on this matter. I hope we will at least be given the opportunity to debate the matter fully before a decision is taken as to whether a minister of the Crown can treat this House as contemptuously as we have witnessed today.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, you have given the hon. member for York-Peel (Mr. Stevens) latitude to develop his question of privilege this afternoon. I realize that these questions are usually dealt with in the normal way following question period, but I would like to respond to the hon. member since he has outlined his case. The hon. member has given more than mere notice, and if he is allowed to make his arguments this afternoon and raise them again on Monday, then he is having two kicks at the can, to use a colloquial expression, and I resent that very much.

The hon. member should know that there is no obligation whatsoever on a minister to make a statement inside the House as opposed to outside the House. In fact, it says in Beauchesne's at page 264—

[Translation]

This is what Beauchesne says, and I quote:

The option of a minister to make a statement either in the House or outside it may be the subject of comment, but is not the subject of a question of privilege.

Mr. Speaker, this is absolutely clear according to Beauchesne's citation.

[English]

I resent very much that the hon. member has chosen at this point on a Friday afternoon, after having almost completed an opposition debate in which the minister took part—and while there are only two Conservative members left in the House—to raise this matter. It is an opposition motion, and yet we have this ridiculous scene with only two Conservative members in the House.

Mr. Stevens: There are four.

Mr. Collenette: Four, then.

Mr. Deputy Speaker: Order.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a brief word about the question of privilege raised by the hon. member for York-Peel (Mr. Stevens). As the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) has said, there is no legal or procedural obligation on a minister to make a statement in the House. However, I must say that when I heard the minister answer the hon. member during question period this morning by saying that he had no statement, I concluded that what we heard on the radio this morning was wrong and that no statement would be made today.

● (1650)

For the minister to make that statement outside the House this afternoon is, I think, pretty close to contempt for the House.

While I am on my feet, I may say to the hon. member for York-Peel that he should make sure he has the right to raise a question of privilege on Monday. I hope he will not rely on the notice he has now given but will send Madam Speaker written notice on Monday morning.

Mr. Deputy Speaker: I think we have heard enough on this point for the moment. As has been indicated by the hon. member for Winnipeg North Centre (Mr. Knowles), there is a procedure by which notice can be sent to the Speaker. I presume this will be done if the hon. member intends to pursue the point further.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, in the short time left in this debate I should like to touch on one or two matters. I am always interested in what the hon. member for York-Peel (Mr. Stevens) has to say. One or two

Industrial Development

points he made in the early part of his speech caught my attention. When the government bought Pacific Petroleum, he was one of those who made a lot of noise and claimed it was a bad deal. Now, two years later, I am told that Pacific Petroleum is worth two or three times what was paid for it.

Any purchase that can double in value after two or three years is certainly a good deal. In 1976 \$340 million was paid for Atlantic Richfield, and now the company is worth over \$1 billion. These companies have shown pretty nice profits, and they indicate what has happened in the oil industry. When we bought Petrofina, we thought it was a good investment. Sales at the pumps for Pacific Pete increased by 15 per cent overnight, and there was a tenfold increase in credit card sales.

When private industry buys something, it expects to receive a return on the investment, but we do not hear anything about this when the government makes a purchase. It is almost as if the government spent that \$1.5 billion, not that it invested the money and expects a considerable return in the years ahead.

The minister read a list of cities where unemployment has increased in the last year. I should like to list some cities where things have gone the other way. In St. John's, unemployment decreased from 13.5 per cent to 11.1 per cent; in Halifax, from 9.1 per cent to 7.5; Quebec City, from 9.8 per cent to 8.9 per cent; Sudbury, from 10.3 per cent to 8.3 per cent; Toronto, from 5.6 per cent to 5.3 per cent; Vancouver, 8.8 per cent to 4.4 per cent; and in Victoria, from 8.6 per cent to 7.3 per cent. It goes both ways, and to present just one list does not give the whole picture.

I have been disappointed that there has been so little discussion in this House over the years about the theories that govern world economics, so I was very pleased that the hon. member for York-Peel injected that into the discussion. Max Saltsman, a former NDP member of this House, used to bring this sort of thing up, but I have not heard any discussion along these lines recently.

The hon. member for York-Peel said that Keynesian theories no longer prevail. I expect that he never accepted the Keynesian theories, although they seemed to work fairly well for many years. Several times over the last four or five years when the subject has come up in the House I have said that the Keynesian theories do not work when there is stagflation. The hon. member spoke of supply side economics and a sort of "new approach", but I wish he had defined his terms a little better. I assume he was referring to supply side economics or the Milton Friedman monetarist viewpoint of the University of Chicago as contrasted to the Keynes-Cambridge theory. Friedman's view is that all one has to do is control the money supply and allow total freedom in the market, and the market will solve all the problems.

The hon. member for York-Peel has left the chamber, so I cannot debate this with him, but I hope to return to it on another occasion.

There is another point with respect to the supply side theory that deals with a fairly strong interventionist policy. When we deal with the energy situation, we are really dealing with

Industrial Development

supply side economics or interventionism as opposed to the monetarist, open market theory Milton Friedman tends to support and the hon. member and his party tend to support. It seems to me that we have moved a long way toward intervening on the supply side.

When we speak of an industrial strategy, I think we are really speaking of a lot of things that were in the budget.

Inflation is highly structured. The major inflating factors are energy and food. A great deal of the cost of the food component is determined by increases in energy prices. We have a very selective, structured type of inflation. The hon. member's supply side economics would ignore that kind of inflation and let the market govern itself, even though there is no longer a simple, open food market. It is a very structured market today. We must examine multinational corporations involved in farming in order to determine whether with respect to farm marketing and the grain industry, particularly in the United States, another structure must be dealt with.

The perfect market some people talk about just does not exist. I wonder why people who believe the Milton Friedman theories about supply side do not take that into consideration.

When we talk about an industrial strategy, we are really talking about structuring something. If we take a structured inflationary factor like energy seriously, we are recognizing it as the major component in inflation.

People claim that we must do something about the supply of energy in order to combat inflation. That is precisely what was done in the budget and the National Energy Program. The government was saying that the way to reduce inflation is to

do something about energy in a structured way. That could be called an industrial strategy.

In the two or three minutes I have left I would like to talk about the government's industrial and labour adjustment program and the \$350 million allocated for it. This program is really a stopgap in a total industrial program. It is very important because in the last two years two mines have shut down in Atikokan which is in my constituency. There is only one other small industry and the rest of the business community is service industries. Of a population of 6,500 people, 1,200 are out of work.

This community fits into the \$350 million program in every way. I submit to the minister that it is really an ideal candidate for the program because the structures are already in place for the development of a new industry.

I believe the community will be designated under the program because it meets the requirements. This would provide support for people who have been thrown out of work and whose unemployment insurance benefits have run out. There would be support for long-term employment and earlier pensions. The program would put a community such as this one back on its feet and give the people who have been resident there for 20 or 30 years some real hope for the future. I commend the program to the House, and I hope Atikokan and other communities will be designated under the program.

Mr. Deputy Speaker: Order, please. It being five o'clock, it is my duty to inform the House, pursuant to Standing Order 58(11), that proceedings on the motion have expired. The House stands adjourned until Monday next at 2 p.m.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.