

*Customs Tariff*

repeat the story involved in the debate which has traditionally taken place in Canada between advocates of free trade and advocates of protection. New approaches are needed today and new approaches are on the way. We are long since past the stage of the infant industries we once knew in this country. Indeed, Canadian industry has now reached a point at which we should be considering the problems raised by maturity and the steps which should be taken in the light of the maturity in our industry and in our economy.

One important step which I feel could contribute materially to the further development of our industry is, of course, the establishment of a Canada development corporation. I do not, of course, intend to discuss this subject now; we have been told that a measure to this effect will be brought before the house during the present session. I, for one, will welcome it, and I hope that when it is introduced the bill will be a much more effective measure than has been indicated so far.

This afternoon I should like to discuss some of the policy considerations arising out of the changes we are considering in the Customs Tariff. The first concerns the necessity for redirecting some of our trading operations. I raised this matter on the resolution stage and I should like to refer to it again briefly. It is well known that some 60 per cent of our trade is carried on at present with the United States; it is only natural that a great deal of it should go in this direction. It has been suggested on many occasions that some redirection of our trading pattern is desirable. The Kennedy round concessions are such as to affect to a great extent our trade with the United States. Indeed, it has been noted by the government itself as well as by publications dealing with this subject that a great many of the concessions which involve Canada affect our trade with the United States. This situation, it seems to me, will result in problems still greater than those we have been facing over the past number of years.

I have already suggested that in order to achieve some measure of redirection of our trading pattern we might consider the whole area of light consumer goods in which we presently trade. Many of these goods now come from the United States. If these articles were bought from other countries with which we would like to increase our trade, I think it would result in a better balance of trade in the long run both with the United States and with other countries of the world.

Reference has been made to the question of foreign ownership. I think this is closely  
[Mr. Burton.]

related to our trading pattern. It comes up again when we consider such matters as the rationalization of industry and the restriction one now finds on the further development of secondary industry in Canada when it comes to making greater and better use of raw materials produced in this country. This subject is referred to in the Watkins report, which is familiar to most hon. members. The Watkins report made a number of recommendations for dealing with these problems. For example, it referred to the possibility of setting up a state trading agency which could deal with United States subsidiaries which face the restrictions involved in the trading with the enemy act across the border.

We must also recognize, I think, that the corporate decisions of multi-national corporations are often not related to the national interest of Canada. It seems to me the government is responsible for taking action to ensure that Canada's national interest is protected. It could also be said, I believe, that in many instances these companies, multi-national corporations among others, would play the game if the government were to set out the rules under which they had to carry out their operations and make their contribution to the Canadian economy.

There is one other area which, in my view, is related to our considerations today. It has to do with the rationalization of industry. This, it appears to me, is a necessary complement to the liberalization of trade. The process of rationalization has in many cases been hampered by past policies and by the pattern of ownership of Canadian industry. It should be borne in mind, too, that the achievement of free trade does not necessarily bring with it the economic benefits we would all like to see. Hon. members have already referred to the difficulties arising in connection with farm machinery. Even though provision has been made for the free movement of farm machinery across the border with the United States, this has not in fact produced all the benefits we would like to see.

Mention should also be made of monetary policy and its relation to the subject now under consideration. Canadian freedom with respect to monetary policy has, of course, been restricted in recent years. I feel we ought to revise our monetary policy. We have heard references to the desirability of a floating exchange rate, an idea which even some members of the government have recommended from time to time. It is, of course,