

*Customs Tariff*

thing. These men felt they were people without honour in their own country. That kind of ruthlessness, whatever its eventual good or bad consequences may have been, did not go well with the Canadian people. But the point is that those industrialists, no matter how they brought and held together Canadian ownership, were able to withstand foreign intrusion.

The entry of the American multinational corporation, with its branch plants, came into industries which were just about ready to consolidate and to develop in new forms, and they prevented and aborted that development. Instead of foreign ownership benefiting this country, historians will look back on this period and see the destruction of the ability of Canadians to organize and restructure their society. At any given time, industry is in a state of flux and it has to change, new organizations have to emerge and new patterns develop, and in many cases there have to be patterns which are indigenous and necessary to the kind of society that exists at the time. Foreign ownership imposed a foreign pattern that was alien, undesirable and unnecessary; it retarded the development of the Canadian industry.

This is not the usual reason for objecting to foreign ownership, that is, the terrible Americans and their interference with our sovereignty, although some of that is true as well. What is true is that they have destroyed the secondary manufacturing industry in Canada, and that is why we never really got off the ground. Admittedly, we might have had a head start; some of these industries might have developed two or three years before, but over an extended period of time what foreign ownership did was to prevent the healthy and efficient restructuring of the Canadian industry. If they had stayed out of this country we would have developed industries such as the steel industry, industries that made sense in Canada, that were efficient and internationally competitive.

When we talk about the steel industry and tariffs it is interesting to observe that that industry did not become efficient because the tariffs were removed. Tariffs were removed after the steel industry became efficient. Members of the House of Commons at that time raised objections and asked why the industry should have this tariff protection since they were making all this money and were competitive. They suggested we could take their tariff protection away. This was after the fact, rather than before. The argument of the economists is that if you take away tariff protection, it will force the industry to be nice and strong or else die. Usually they die, they do not become nice and strong.

What we could have done, as a matter of government policy, instead of leaving it to accident or leaving it to Lord Beaverbrook to restructure our industry, was to get rid of foreign ownership, encourage the coming together of Canadian entrepreneurs into internationally competitive units, and only then take away tariffs. I would take them away unilaterally; I would not even negotiate with another country, because we would want to remove the tariff to make sure they did not take advantage of their size, position and efficiency.

In fact, the Japanese government operates in that way. They invite foreign competition, not when their industry is weak and ailing and trying to get off the ground but

[Mr. Saltsman.]

when it is strong and solid. That makes sense. What do we do? We invite foreign ownership when our industry is struggling to get off the ground. This kills it before it has a chance to grow. When you say that tariffs keep the economy in swaddling clothes, the fact is that it is not the tariffs but the kinds of government policies we have. Perhaps I should not just blame the Liberals; perhaps it is common to all Canadians not to see how destructive it is to impose a pattern of industrial development which is alien to our own country and based on the experience of another country.

There are other industries which are competitive and where you see the same kind of pattern emerging—the cement industry, the sugar industry and the beer industry. As a matter of fact, our beer industry became so competitive that the Americans passed a law against foreign ownership. They did not want our beer companies to locate in the United States and compete with their companies. But, again, Canadian entrepreneurs put these companies together in a Canadian pattern which enabled them to withstand the intrusion of foreign ownership.

I want to give hon. members one example of the effects of free trade, because we do have such an example in this country. The example I want to look at is the agricultural implement industry because there is absolutely free trade in agricultural equipment. In this new tariff bill, I notice that the government has recognized how that agriculture is no longer a primitive affair. Air conditioners designed for agricultural equipment are now exempt. If you till the soil, you might as well be comfortable while you are doing it, particularly when you can write it off.

In the agricultural equipment industry we find again that pattern of consolidation which took place at the very early stage. Massey Harris put together that industry and they became very competitive. The pressure of the agricultural community to reduce the tariffs was very strong. Gradually, the tariffs were reduced to the point at which there is no tariff protection on agricultural equipment. So what do we have today? We have a Canadian company, Massey-Ferguson, one of the largest in the world. Where are they operating and putting their new investments? In the United States. What is their argument? They say it is more effective and more feasible from the transportation point of view to locate in the American midwest than in Brantford, Winnipeg or some such place. Despite the fact that people point out that transportation charges are not very significant, that is what they are doing.

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All the modern technology, all the new innovations and all the new investments are in the United States. And this is a Canadian corporation under free trade. When there was a strike at Massey-Ferguson in Brantford and the workers in that plant were asking for wage parity with the United States, the Canadian consulting firm of Hedlin Menzies was hired. If a regressive argument is wanted, a Canadian firm should be hired. Hedlin Menzies said that the only reason Massey-Ferguson established here in Canada was that Canadian wage rates were low. If the same amount had to be paid to Canadian workers as to American workers, then Hedlin Menzies said that Massey-Ferguson would go to the United States. But the great Canadian company, Massey-Ferguson, concentrated all its