

Export Levy

consider the rather ludicrous situation in which the government finds itself, let me remind the House of the time in the spring and summer of 1974 when the minister and his colleagues, under the brilliant leadership of the Prime Minister (Mr. Trudeau), said precisely that a program of price and wage controls would be one of trial and error, that it would cause all sorts of problems in the country, and that we could not afford to put it into operation. We have got it now and we are experiencing those same controls.

I also had not only to smile but to laugh at the hon. member for Nipissing (Mr. Blais) who was striking his desk, beating a seal-like tattoo on it, when the minister announced that he was withdrawing this particular export tax. He reminded me of the man who finds pleasure in no longer feeling any pain because he has stopped butting his head against a stone wall.

Basically I can sympathize with the minister—there is no doubt about it. I think any of us who were advocating wage and price controls or an incomes policy in 1974 were quite conscious of the fact that there would have to be some changes because there was no one who could forecast precisely what would happen. However, I suggest that there would have been a difference of approach which would not have caused as much difficulty in the Canadian economy, and such resentment by provincial governments, particularly with regard to the proposed export levy.

Any firm that was engaged in the export of Canadian commodities immediately reacted and said that these people opposite have taken leave of their senses, as indeed they have, when we consider that Canada's deficit balance on commodity exchange was not plummeting downward but was skyrocketing, if one can imagine a deficit skyrocketing. It is going to be worse in the next fiscal year because we have seen extraordinarily long strikes in the forest industry, particularly in the pulp and paper industries which were contributing so much toward our export totals. We are going to see a much wider gap between exports and imports.

The government should have known this in October. It should have known that there might be some sort of an attraction to divert goods from the domestic market to the export market. I suppose that under certain ideal conditions one could argue that this might happen, but there is not a person in the House, particularly on the government side and among any of their supporters, who could say that there is any commodity in Canada today that is in such tight supply that a diversion of any amount of it to a favourable export market could result in an increase in price to Canadian consumers under a demand pull influence in the market, the traditional inflationary demand pull. The thinking behind that was totally confused, yet it was the basic premise with regard to this proposal. I dare say that some people said, well, there is a tight market with regard to paper, and if the market in the U.S. or overseas continues to be good, we will send paper there, and there will be an increase in price or a blackmarket for it in Canada.

Some other people, again unthinkingly, because I do not think they realize just what controls apply, may have thought that with a forecasted possible shortage of petroleum products it might be more attractive for the

[Mr. Lambert (Edmonton West.)]

Canadian refining industry to send refined products south to the U.S., and that there would be either an increase in price due to the pressures of demand in Canada or there could arise a blackmarket with regard to petroleum products. There again they failed to take account of the day-to-day effectiveness of the Energy Resources Board of the province of Alberta which monitors the production and shipping of petroleum products out of the province, the effectiveness of the National Energy Board, and of the export tax which already exists on both crude oil and refined products destined for the United States. Therefore this export levy proposal had no justification whatsoever, and it never did.

It would have been far better for the government to have gone ahead with a freeze for 60 days or thereabouts. As the minister himself said that we are going to see some other changes. There will be some more backing and filling, which would have been unnecessary had the government proceeded with a freeze for 60 days, and consultation with the provinces within that period. It would have seen that most of the provinces thoroughly dislike and do not agree with the export levy. Then members of the government could have taken other and necessary steps. They would not have had to eat crow on this particular proposition if there had been proper consultation first. Wage and price controls across this country are not entirely a federal responsibility, but the federal government, on I do not know whose foolhardy policy, went ahead and tried to go it alone hoping it could drag the provinces along. That is the general attitude of the government, but that is not the way to do things. If there had been proper consultation with regard to wage and price controls we would be ahead of where we are now.

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The minister talked about monitoring the sale of goods here in Canada and setting up domestic guidelines on goods sold in the foreign market. This is a proposal to tax additional profits of Canadian businesses working in a foreign market where Canadian economic conditions do not set the price, with the exception of the cost of production. And if our goods have a competitive edge in a foreign market which is going ahead on an inflationary basis, and our dollar return because of advancing prices in that country is higher, what right does the government have to tax and why should the government tax those additional profits on business not accomplished here in Canada? Why?

We have a tough enough time as it is working in the foreign market. Since when is Canadian business on a public utility basis? The bureaucrats are going to monitor all Canadian business, which is not going to be allowed to make one cent more than some backroom boys will allow, or some other people who want to tie up the economy so tight that it will crack.

I think it was salutary for the minister to come forward and admit the error on this occasion. I welcome this step, and I will welcome his statements in the future which may make the policy of wage and price controls more effective for the benefit of the Canadian economy as a whole.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my case on this subject can be made rather briefly, and I