

*Customs Tariff—Excise Tax Act*

Up to the present there is little evidence that the government is directing firm efforts against these practices. Recently we witnessed the example of a country maintaining its currency at an inflated rate despite an obvious need to change it. We are aware, today, of the action taken by several countries to bonus their exports through low-cost financing, making it impossible for Canadian competitors to compete successfully. A serious situation is developing as a result in areas where low-cost financing is used to block out Canadian industry. I trust the government will look at some of these practices under the terms of the anti-dumping provisions. Unless it does so, all the talk about freeing trade will be meaningless as countries impose these other methods of restricting competition.

At this very moment the United States is talking about imposing new barriers against trade by providing a bonus for certain of their export industries and excluding certain imports altogether. This is not in keeping with the generous mood of President Kennedy when he initiated the talks which came to a conclusion not very long ago. In other countries we find examples of the outright prohibition of Canadian goods. Little songs and dances are invented to maintain the fiction that Canadians can enter these markets, whereas in fact they are effectively kept out. Hon. members may have heard about the experiences of cable manufacturers in Canada who have been making bids to sell in the Japanese market without the least success. My purpose in mentioning this experience is to show that one cannot consider these tariff cuts out of context, that is, without at the same time taking into account the other barriers which have been erected around the world for the restriction of trade.

Too often, it seems to me, we as Canadians are so concerned about being good world citizens that we do not take sufficient effective action when such barriers are raised. If we intend to plan our future on the lines of freer trade we shall have to do a great deal more, otherwise we shall fail to play our role in international world trade. Today much of our trade is not really international; it is continental, with 70 per cent of our exports going to the United States. At the same time, the overwhelming amount of industry in this country is dominated by United States-based international corporations which are not really interested in exporting; their essential interest lies in serving the domestic market.

[Mr. Saltsman.]

As a result, we are developing what is probably the most inefficient production pattern of any western nation. If we are to go all the way with free trade while neglecting to do something about this inefficient pattern of production, freer trade, instead of proving a great salvation may well be the beginning of the end for us.

To succeed in international trade we must take immediate steps to ensure that Canadian industry becomes more competitive. I am getting a little tired of listening to big business tycoons in this country declaring at their annual meetings that we are pricing ourselves out of international markets while laying the blame, as they usually do, at the doorstep of labour. They claim that labour costs are too high. A close examination of the facts would show that nothing could be further from the truth. The real reason industry in this country is not as competitive in international markets as it should be can be simply stated: it is badly organized. I could give any number of examples of over-investment, of unnecessarily duplicated facilities, of failure to provide guidelines which the industry itself would have accepted.

● (9:00 p.m.)

At a recent meeting with a number of industrialists I was told that a particular firm had decided to build a plant. They were completely oblivious of the fact that another firm was making exactly the same plans. There just is not room enough in Canada for two plants of this size. The result will be that neither plant will operate at a level of efficiency. Both will have wasted much of their investment; they will not be profitable, and no advantage will accrue to government by way of taxes.

A very good example of over-capitalization and lack of planning is the potash industry in the province of Alberta. I understand there are something like nine mines in Alberta, all of them unable to operate efficiently since the world market is not big enough. These mines are going through a readjustment period. The Premier of the province rushed down to the United States to head off a dumping inquiry, though he was not very effective. Now there is talk of pro-rating production, having the mines produce only a small amount of potash so that all of them can stay in business.

I suggest, Mr. Speaker, that such policies are devastating to this country. They waste our resources and talents and are causing us to import fantastic amounts of capital that we