

*Canadian Trade Policy*

**Mr. Andy Hogan (Cape Breton-East Richmond):** Mr. Speaker, I listened with interest to the hon. member for Eglinton (Mr. Sharp) give a summary of the Liberal party's contribution to the debate on free trade and protection. He accused the hon. member for York-Simcoe (Mr. Stevens) of not taking a stand with regard to free trade with the United States. He went on to say that the Liberal party wanted freer trade, promoted freer trade, and had been the party that was instrumental in increasing freer trade. We had a very biased and simplistic incursion into what is referred to as the commercial economic history of this country, involving both trade of goods and services and the monetary point of view, namely, the exchange rate policies followed by this country.

From the way in which the hon. member for Eglinton put his argument, it is plain that the Liberal party has been in favour of motherhood during the time he has been attached to it. As I understood him, the Liberal party has never been in favour of free trade in the sense of free trade with the United States. Obviously in modern times they have not been. Because of what happened in 1911, they never raised the matter again. I would not want to quibble with that.

The hon. member stated that our economy depends upon the export of natural resources. He stated that this accounts for roughly 25 per cent of our Gross National Product. Using the multiplier effect, there are millions of Canadians whose jobs are involved.

We had a special alliance with Britain when they were at the height of their colonial power in the nineteenth century. Orthodox arguments on free trade put forward by nineteenth century economists such as Ricardo were adopted as policy because it suited their colonial structure. It allowed them to get something that is still sought after today, cheap raw materials and cheap food from other countries. We understand that perfectly. In another sense we have been tied into a colonial structure because of the policies that have been followed vis-à-vis the United States. So it seems to me you gain nothing by asking members of the opposition whether they are in favour of free trade with the United States.

● (2120)

The hon. member for York Centre (Mr. Kaplan) made a great ado of the fourth goal that was set out in 1973 when the Tokyo round was first discussed, namely moving toward freer trade through sectors. Again this is a motherhood argument. If you do not have free trade with the United States in the textbook sense so that you have continentalism, for example, or some kind of trade such as that existing within confederation between provinces, you either take a protectionist stance or something in between. The hon. member for Eglinton seemed to be pointing out that this was the great virtue of the Liberal party. As I see the situation, international constraints have forced the government willy nilly into that position. Despite protests to the contrary, the government has not gone a long way to give us free trade.

The facts of the matter as I see them, Mr. Speaker, present a slightly different picture. First of all, in the Canadian

[Mr. Beatty.]

context it must be admitted that the west, and the Atlantic region in particular, have paid one hell of a high price for the tariff protection measures implemented, first by a Tory premier of this country in 1879, which finally did not grip the country until 1890 and which have been pressed with abandon by Liberal governments.

If the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) is talking about rural and small town industry today collapsing in Ontario, let me tell him that he is not talking about the merchandise sector. As the hon. member for York Centre pointed out, there is a surplus of merchandise. However, it indicates that the tariff structure that has been part and parcel of this country is finally catching up with many industries which have been over-protected in Ontario. The textile industry is at a comparative disadvantage, not advantage, in Quebec because it too has been over-protected.

Who has paid the high price of all this, Mr. Speaker? Of course the people of Canada have, especially those in the outer regions. They have had to buy these high-priced, protected goods, despite the claim of the government that it is all for free trade. It negotiated the auto pact and in the name of protecting the jobs of workers, or presumably so, the government refused to allow cars made in the United States to cross the border to be purchased by Canadians at the same price Americans pay plus distribution costs. No, the government has insisted on protecting that which does not need to be protected, unless it is that the government is protecting, as is so often the case, the shareholders of that industry. Certainly the government is not protecting jobs or helping the Canadian consumer.

Another argument of the hon. member for Eglinton seemed on the surface to be superficially acceptable. However, at no time did he put a dollar figure on what exactly this type of protection that he said was freer trade would cost the Canadian taxpayer. Nor did he make reference to any studies made while he was minister of trade and commerce.

Professor John Young, before becoming head of the prices and incomes board which has now gained some kind of ill-repute, did a study in British Columbia—I do not know whether one has been done since—and estimated that the protective tariff in its effective application, as opposed to what the hon. member for Eglinton argued, was costing Canadian consumers over \$1 billion a year, and that was in 1960. I called an economist friend of mine and asked him today whether there had been any studies done recently. He said no, but there had been debates and suggestions to the effect that protection costs something close to \$2 billion. I want to suggest to the hon. member for Eglinton that this is hardly something to boast about in support of freer trade.

The reason, or one of the reasons our manufacturing sector is in so much trouble now, and the reason we have such great difficulty freeing ourselves completely from our dependence on staples and natural resources, is that the government has followed a policy of overprotecting industries. I do not think that anyone at this stage would be senseless enough to argue that we should throw our whole trading patterns open to a free trade arrangement with the United States. But as the hon.