

*Customs Tariff*

that the underlying problems of the dollar and interest rates can only be solved once we address the question of our merchandise trade balance and our whole economic relationship with the United States as reflected in travel, in the current account deficit, in foreign investment, and in interest rates and dividends which are leaving the country at a great rate.

This debate is not an opportunity to raise those questions, but I think the minister should know that we are concerned about them and that we intend to be asking some very tough and particular questions about precisely what the intentions of the government are and how it intends to solve what is a structural problem in our economy. For example, 50 per cent of our merchandise trade takes place between parents and subsidiaries across the border between Canada and the United States. I think those patterns of trade are very unhealthy and very deep-seated in our economy. These are the kinds of questions we hope the minister will address himself to when it comes time to talk about multilateral trade negotiations and the agreements which have been signed.

I want to express my agreement with what has just been said by the hon. member for Windsor West (Mr. Gray) about how we should deal with multilateral trade negotiations. We too look forward to a detailed discussion and briefing so that we will be able to question the minister and other experts and people in the field who will have some sense of what the effect of these measures will be.

For example, I think there is a very real point in our having discussions today concerning the processing industry in Canada and the rights and economic concerns of fruit growers and vegetable growers. I think we are entitled to ask two questions. Why was the situation allowed to deteriorate to the extent that some of these industries are in trouble? It is well known, for example, on the Niagara Peninsula that the fruit canning and processing industry has been in trouble. There has been a considerable amount of competition from the United States which has forced many concerns to go under and which has caused a great deal of difficulty. I think we are entitled to know how the situation was allowed to deteriorate to the extent that these measures have now become necessary, rather than seeing this chummy, chummy, love relationship which has now been established between the Minister of Finance (Mr. Crosbie) and the hon. member for Windsor West. There is the consensual or chummy view that everything is for the best. A measure which helps the consumer and also the horticultural industry at one and the same time is a stroke of magic! The hon. member for Windsor West says this bill must be right and that if it was put forward by the previous government, it must be good.

**Mr. Breau:** Of course.

**Mr. Rae:** The rest of us are a little more skeptical about measures put forward by the previous government. We do not share the view that everything which comes from that direction comes from on high, and I think we are entitled to

[Mr. Rae.]

question how it is that the situation was allowed to deteriorate to the point where some of these measures became necessary.

I hope some hon. members who are knowledgeable in this sphere will be able to tell us what exactly is the situation in these industries and how these measures will help them. Are these measures enough? Does the industry want more? Is more assistance necessary? What is the competition? These are all questions which lend themselves to detailed answers, and I am hoping that the minister or some of his officials will be able to give us those answers.

I know the minister does not have a lot of time, but I would like to advise him that the question of trade with South Africa is raised by this bill, and I think we are entitled to answers to questions. We know why we entered into an agreement with the so-called Union of South Africa in 1932, but that is a remnant of our historical and colonial past at which perhaps we are now entitled to look again and ask ourselves whether we want today to be entering into a preferential trade agreement, not with the Union of South Africa but with the Republic of South Africa, whose laws on apartheid we have expressed abhorrence toward in the United Nations for some 20 years.

The departure of South Africa from the Commonwealth was noted in 1960. The prime minister at that time, the late right hon. Mr. Diefenbaker, was particularly active in raising the question of institutionalized racial discrimination in South Africa. The second reading stage of this bill provides us with an opportunity to raise questions with respect to our trade with South Africa and our investment patterns in South Africa. We intend to do that under Part IV of the bill.

To sum up, we look forward to a detailed description by the minister of the state of the industry, an explanation of how these particular measures will help the industry and how it was that things were allowed to deteriorate to the point they have so that such intervention has been proved necessary. Second, we are not satisfied with the confusion which reigns over the trade policy of the government. Finally, we have some specific questions with respect to Canadian economic relations with the Republic of South Africa. I hope the minister will be in a position to answer some of those questions when it comes time to question him in Committee of the Whole.

● (1620)

**Hon. George Hees (Northumberland):** Mr. Speaker, the Minister of Finance (Mr. Crosbie) has said that he would like to see a nationwide debate take place on the subject of the possibility of free trade with the United States, so I intend to put forward my views on this important matter during this debate on the customs tariff bill.

To start with, we must realize that the United States has a home market ten times the size of the Canadian market. This has enabled their producers of manufactured goods, the ones that provide the lion's share of the jobs and profits, to concentrate their production in individual plants on fewer lines of production.

This has made it possible for them to achieve far greater economies of scale, and hence lower costs, than those we can