

*Productivity and Trade*

seems to be his role. He gets into a department and gets that department in a mess. Then he gets out. However, I wish to reserve judgment in respect of the present Minister of Industry, Trade and Commerce (Mr. Jamieson) because he has taken over a mess which he wants to straighten out.

Let us look at a small industry in the time I have left. I have conducted a study of the auto pact. I have spoken to some of the manufacturers of automobiles and also some of the parts manufacturers. It is a rather dismal scene. We went in the auto pact in 1964 because we had a tremendous trade deficit in that account. Today it is larger than it was in 1964. I shall not become involved in the statistical game because I know statistics can be made to read in different ways.

I know the market has increased and that 40,000 or 50,000 jobs have been created in the interim. That is very good. However, we have a serious problem facing us down the road. I do not see very much happening. When we had the previous minister before the committee we could program his answers or read them from government releases. He never conveyed any real concern at all. He just gave "nothing" answers in any of his replies to questions. But I am looking at the real facts.

Rockwell Standard, a major manufacturer which had a plant in Tilsbury, had closed down. It has moved back to the United States. Eaton Yale Towne had a plant in London. It closed down and has gone back to the United States. Just last month a plant in Windsor, MGM Brakes, closed down with the loss of 60 jobs. It has gone back to the United States.

Why have these companies suddenly gone back to the United States? I spoke to the president of one company who said that they just do not like the economic climate in Canada, that they do not like the attitude of the government or the taxation system. He said they do not have much confidence in the future, and therefore have chosen to move their plant back to the United States and to export into Canada. Of course this will make our balance of payment problem even worse.

We used to play games with the minister before the committee. We talked about the secondary industry base. What a lot of flip-flopping he did on that! When we would ask him what his program was in respect of a secondary industry base in Canada his standard reply was that he did not think it was possible to establish a secondary industry base in Canada. Later on he changed his position. He said they would take a sectoral approach and rationalize industry. He said they would look at it in sectors.

I recall vividly the release about the footwear industry in 1973 concerning how great the program would be, that the Canadian shoe industry would be straightened out, and so on. What do we have today? I said the other day that the whole shoe industry is right on its uppers. We have a high level of imports. Imports are rising every year and our domestic production is going down. This represents a significant amount of money.

● (1750)

The total wholesale value last year in the shoe industry was about \$650 million. We produced \$350 million worth domestically, and we imported \$280 million worth. Clearly some shoe manufacturers will go out of business. People in

[Mr. Kempling.]

the industry tell us that there is no way they can survive. What has happened to this great program that the former minister of industry, trade and commerce started? Where did it go wrong? Is it being up-graded? Why is something not being done about it?

I asked the Minister of Industry, Trade and Commerce whether he would look at voluntary quotas. He is on an Asian trip right now. We import the bulk of our footwear from Italy, Taiwan, South Korea, Spain, Poland, Hong Kong, Britain, and the U.S. On his trip he could take a look at voluntary or mandatory quotas to give a reasonable place to the footwear industry. He does not know whether he will go that far, but he does concede that tariffs alone may not be the solution. We started a program. I cannot tell you at this point how many millions of dollars we poured into the program, but it has been a failure and the record shows it.

The minister should get away from his philosophizing and get right down to men in the industry and talk to them. A man came to me on Saturday and related a typical situation. He has a business making clay pigeons. Total consumption is 35 million clay pigeons a year. This fellow produces 21 million and up, and the balance is produced by two other small manufacturers. Now there is a new company which has opened a plant in Canada to produce clay pigeons, but there is no market for them. These new people have been given government assistance to come into the country. The reason they were attracted here is that they will produce clay pigeons for the Olympics. The plant in Hamilton can produce all the clay pigeons that will be used in the Olympics in half a day, yet the government has attracted this foreign company here which will produce clay pigeons and take over the Canadian market even though we already have adequate production. The plant we have is working four days a week.

What are we going to do, and what can we do? I was down to the United States a few weeks ago, to Washington, and in spite of what the minister said about investment in plant and machinery in Canada and how he thought it would outstrip U.S. investment percentage-wise next year, I would be surprised if it does because they have an active industrial program down there primarily because they can get money at 5 per cent and 5½ per cent. They are operating on super prime down there, below the prime rate, at a ¼ per cent or a ½ per cent below the prime rate, while our people are paying 9 per cent and 9½ per cent. That is the major reason why we do not have investment going into our country. It is something that we have to deal with rather fast.

Triple A rated accounts in the U.S. can borrow money at 5 per cent. Why have their rates gone down? If you look at the amount of money that is deposited in savings accounts you see the reason. The same is happening here in Canada. We have an absolute record high of deposits in savings accounts in Canada. In other words the consumer is not spending his money, he is putting it in the bank because he has no confidence in the future. Consequently, banks have a large amount of money available to lend. The result in the U.S. was that they had to reduce the prime rate because money was not going out into the market place.

The other thing that has happened in the United States, and I am sure it is happening here as well, is that a lot of