

Customs Tariff—Excise Tax Act

intend to deal with it at length because it will receive clause by clause attention at that time.

The principle behind clause 4 is that all the Kennedy Round reductions not in force as of June 4, 1969, are to be brought into force as of then. It seems in this regard that the minister is repeating the words of the Minister of Finance (Mr. Benson). This provision is being adopted to combat inflation and its effect is to be borne by the producers. I am not against anything which may assist in our fight against inflation, nor do I object to anything that may assist the consumer. However, it is my feeling that the producers who have been singled out in this case accepted the Kennedy Round negotiations, which were studied by the Committee on Finance, Trade and Economic Affairs. This is a unilateral effort with no reciprocation by anyone else; we are simply handling these benefits to other countries.

Let me suggest that years ago the government might well have listened to suggestions about inflation. Had it listened to the advice of the Governor of the Bank of Canada and the Economic Council back in 1965, which warned the Minister of Finance of that day about the state of the country's finances, it would not be in the state in which it now finds itself. The Minister of Finance of that day, now the Secretary of State for External Affairs (Mr. Sharp) would not listen to any advice and the government went ahead—and continues in this way today—with a spending spree.

Today this government supports a policy of austerity and suggests that everybody must save money. Why does the government not follow that policy at home? The construction of three new buildings was announced recently, particularly the new R.C.M.P. building in Toronto. I fail to see how the government is protecting our economy. Some jobs here and there are going down the drain, but an austerity program should have been commenced years ago.

We are now facing another step in combating inflation. This measure is to be taken at the expense of the producers who finally accepted Kennedy Round reductions. They geared themselves to putting their operations into the position wherein they would be able to meet that measure, then suddenly they are faced with a complete loss of tariff protection in this respect. Certain industries still require protection from foreign competition. This government has taken an unfair advantage of

corporations. We must remember that about 50 per cent of manufacturing in Canada is carried out in Ontario.

● (8:50 p.m.)

I would suggest that Ontario corporations deserve some consideration; they have, over the past number of years, paid their taxes. Of course, they are getting another setback in the white paper which we shall be discussing on Thursday and Friday—I do not wish to go into that subject at the moment—but they seem to be the whipping-boy. They had geared their whole operation to a gradual reduction which had been initiated and finally agreed upon according to the Kennedy Round, and now they are faced with this reduction in tariffs all at one time. As I said earlier, there are several clauses in this bill involving a surtax on certain goods, and so on, which the government will be allowed to impose. We shall be dealing with these in detail when we get to the committee stage. I would just say once again that the government should stop using small producers in Canada, particularly those in Ontario, as a whipping-boy.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I should like my first words to be those of congratulation to the new minister. I had the pleasure of working with him on the Finance, Trade and Economic Affairs Committee and I want to say that no one is more deserving of the honour which has been paid to him.

On the subject of this bill may I say that while almost everyone is in favour of free trade, just as almost everyone is in favour of motherhood and God, I do not believe we should delude ourselves into imagining that the results of the Kennedy Round are likely to do a lot of good for Canada. The cuts which were made were not very significant and in some cases the protection afforded is somewhat higher than it was before. A recent study by the Economic Council of Canada showed that the so-called tariff cuts did not go very far. The minister's statement that this is a way of fighting inflation has to be viewed in the light of the miniscule success achieved in bringing about significant tariff changes. I do not see that this can play any important role in fighting inflation.

In the second place, while we are moving in the direction of freer trade through agreements of the Kennedy type, non-tariff barriers are emerging all round the world and are seriously affecting industry in this country.