

*Employment Support Bill*

because it is part and parcel of the problems we are dealing with in this bill.

Have representations been made to the United States about these questions and the disastrous, unwarranted and unacceptable effects this program will have on Canadian exporters? Do we have any liaison or dialogue with the United States in this regard? Has anyone picked up the phone to discuss this matter with American officials? These proposals will come into effect on January 1, 1972, which is just around the corner.

**An hon. Member:** It is not passed yet.

**Mr. Alexander:** I heard a voice in the wilderness saying the legislation is not passed yet. Is he saying that the government intends to wait until it is passed and then go to the United States and ask them to withdraw it? Is that the way they do business on the other side of the House? I hope that is not the situation. Perhaps we should send a couple of these expert parliamentary secretaries to Washington. Sometimes I have more faith in them than I have in the minister, because they want to get ahead.

**Some hon. Members:** Hear, hear!

**Mr. Ricard:** They applaud themselves.

**An hon. Member:** That was worth hanging around to hear.

**Mr. Alexander:** I could say something about a couple of them over there, but I will not do so because I would probably get mean and I do not want to do that. Let me return to what I was saying about the DISC program. The major, long-term impact of the DISC legislation involves parent-subsidiary relations of multinational corporations, both U.S. parents with Canadian subsidiaries and Canadian parents with U.S. subsidiaries. The bill would create a tax incentive to supply foreign markets from United States-based manufacturing operations rather than from Canadian plants. Has this question been explored, and is there any way out of it? These are several questions to which we cannot get answers.

Associated with this incentive would be a significant effect on the investment decisions of multinational corporations as to where plants would be located and which plants would be expanded in the future. The tax deferral incentive would result in a tendency for corporations to expand or locate in the United States. Let me refer to the steel industry which is primarily located in Hamilton, Ontario. I think we should show concern in this area. This industry is the backbone of our nation. In some areas certain types of manufactured steel goods will be covered but, generally speaking, the major Canadian steel companies have been surveying customers in the United States and Canada to determine the effect of the surcharge on the demand for steel products. Flat rolled product sales will be most affected because they bear the greatest percentage increase under the surcharge, while structural steel rails and fastenings are subject to a lower tariff and are less vulnerable.

An official of the Steel Company of Canada estimates that if the surcharge is continued for the remaining months of 1971, \$5 million, or 10 per cent of the company's average annual sales to the United States, might be lost

[Mr. Alexander.]

and that over a year the loss in sales could be \$9 million. It is not only important to Hamilton, it is important to the nation to know what is happening to this industry.

When we realize that the steel companies will be compensated to the extent of two-thirds of the surcharge, we are pleased. But it does not matter what the figures are, somebody else will suffer. I have in mind all the companies directly involved with the steel industry. As a result of United States economic policies they will be placed in a position where they will be no longer productive and no longer able to maintain or further employment. They are not directly covered by this bill, unless clause 15 includes them. In any event, if you do not export you cannot take advantage of this bill, and if you cannot export then somebody will be a loser.

I will not take up any more time but I should like to say this is a proper step. No one in his right mind would say it is not, no matter on which side of the House he sits. There are things missing from the bill about which the government should be concerned. This legislation is only a partial answer. One must remember the complexities and conflicts which will beset this country as a result of the government's fiscal and monetary policies. In my opinion these problems are not being met. We do not know when they will be met, because every day we ask the Prime Minister questions about his immediate plans vis-à-vis provincial meetings and do not receive satisfactory answers. Let us hope the government realizes the difficulty they are in. I understand that even their backbenchers realize it, because the latest report in the *Toronto Star* indicates that they have a revolution in caucus concerning the incompetency of their ministers. These are not my words; they are what I read. It is reported that there is a revolution in the Liberal caucus because of the incompetency of their ministers and lack of viable, acceptable policies for the economic development of Canada.

• (5:50 p.m.)

In conclusion, I hope our suggestions sink in, because we on this side have been telling them since God knows when in the past two years that they are moving in the wrong direction. I hope that when this debate is finished—

**An hon. Member:** Do you mean you are going to let the bill go to a vote?

**Mr. Alexander:**—within a short space of time the words of wisdom which have come from this side will not have fallen on deaf ears.

**Mr. Speaker:** Is the hon. member rising on a point of order?

**Mr. Jerome:** Mr. Speaker, I do not wish to interrupt any speaker who may follow, but I seek consent of the House to revert to motions for a moment because, further to Your Honour's suggestion of some time ago in respect of Bill C-259, the House leaders met and a form of motion has been agreed upon by the various parties. If the House would consent to revert to motions, I would propose a motion, seconded by the hon. member for Vancouver Quadra (Mr. Deachman).