

*Customs Tariff*

out what has happened as an indication of how you must match value systems once you become part of a free trade area.

The United States is a great country, with great prospects, and I am not one who despairs because the United States will not be able to come to grips with some of its problems. I think it will. I think it is a great nation and will continue to be great, but the kind of experiment in nationhood we have conducted in this country suits me and more Canadians better than the experiment in the United States. That is the way we feel; that is why we are Canadians and why we have made a conscious effort to preserve Canada as a separate nation.

This whole business of Canada is a sort of anachronism to the economists. Economists say we have no reason to be a nation strung out along a set of railway tracks east and west when we should be growing north and south. We decided that our values were somewhat different from those of the people to our south. We like them as friends and neighbours, but we want to be different from them and we made the conscious choice to be different. One can call himself what he will, but if your tax systems are the same, your value systems are also the same.

What makes us different is our old age pension, our family allowance, our hospital insurance and medical attention for our people. These are things the people in the United States do not value to the same extent. We are willing to take the wealth from one province and distribute it in another. We are more willing to tax the rich in order to benefit the poor. This is what makes us different. Those are some of the things our friends to the south have not been willing to do over the years. That is their value system, and I like ours better.

We cannot preserve what I think is a better value system, one which I like much better, if we get into this kind of free trade arrangement. Economists in general suggest many things. I suggest their difficulty comes from the fact they have not been in politics. Many economists are brilliant, perhaps even smarter than politicians, but their difficulty arises from a lack of understanding of politics; and I suggest they do not understand people. They do not understand that there are certain things which are important but to which you cannot attach a value figure. These are things you cannot put into input or output tables.

Let us talk about some of these things that are important to us, such as patriotism. Economists do not recognize the value of patriotism. People are going to favour the country of their birth. I think this is also true of American corporations who have subsidiary branch operations in other countries. It is just too much to expect that in any trade-off between the country in which the branch plants are located and the country in which these people are born, or where the parent company exists, they will show a tendency to favour the country of the branch plants. Obviously, they are going to favour the nation of their birth and to which they owe allegiance in times of crisis.

There are good reasons why they should feel this way. When they are in a foreign country they are subject to foreign laws; they do not have the same rights as the citizens of that country. They do not even have immigrant rights in Canada because we have different rules for

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foreign ownership as against domestic ownership. We have done that deliberately because of our concern about foreign ownership. They do not have those rights. This means that if they invest in a foreign country they do not have the same rights and protection as they have in their own country, with the ability to influence their government in a way in which they cannot always influence a foreign government.

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Because of this, they will want a premium over and above the average return on investment which they would get in their own country, under their own flag, where perhaps as part of a lobby they can talk to Congress or to the Senate in a way which makes them feel comfortable. If they cannot do this in a foreign country, then there is an extra danger. If there is an extra danger, they want a higher average rate of return on their investment. Translated into other terms, this surely means they will say that the people in the other country will have to work for lower wages than they are prepared to pay in their own country, because they must have a higher rate of return. This has been said in Canada.

These companies will say that if they have to pay the same amount in a foreign country as they have to pay in their own country, then they might as well take the investment back home where it is safer and where they have more control. If their own country should face a crisis in respect of high unemployment, and the government of their country should appeal to them and ask them to be good citizens by carrying on business and thus providing jobs in their own country, surely even with the best intentions and attitudes toward the foreign country in which they operate, they would be under enormous compulsion—even if it were not legal—moral and patriotic compulsion, to do more in their own country than they are doing in the foreign country.

Therefore, when we talk about matching up under free trade countries like Canada and the United States, we are really talking about national suicide. In many ways free trade would be more acceptable if the countries were joined in a political union, but free trade without political union creates the worst of both worlds because you really do not have a different, independent or separate values system from the country with which you are matched up. At the same time, you have no opportunity to make representations at the political level where it really counts these days.

These economic reports have been written as long as Canada has been a country. Admittedly, the people who took this position in Sir John A's day were not quite as sophisticated; they could not put down all these mathematical figures to support their arguments. I am sure they would have been laughed at then, but because today these mathematical figures are restricted to a relatively small esoteric group of people, other people do not even feel competent to laugh at the nonsense the figures represent. These figures do not take into account the political considerations. These people think the world is governed only by economics. It is not governed by economics. There is something called people getting in the way of the figures of these economists. There are people with desires, aspirations and value systems which the economists do