

*Supply*

employment? And here is one last question: If within a year it appeared that your decision caused thousands and thousands of people to be laid off, would you agree to review that decision on the basis of the fact that it had indeed a very severe impact on the workers and industry in Canada?

**Mr. Côté (Langelier):** First of all, Mr. Speaker, I should like to reply to my hon. friend that we felt there was indeed a possible injury to Canadian consumers. I should like also to indicate to him that this economic tribunal which was created a year ago has received over 72 reports, heard over 39 appeals and representations and come to the conclusion that there exists a part of the industry which has been fully renewed and which has adapted to international competition, but that another part of the industry still needed protection. Mr. Speaker, Hon. Members are aware that under the GATT agreements, no protection can be granted to an area of activity unless there is evidence that there exists a need for protection; otherwise, we would be faced with absolutely devastating consequences.

So the Government has decided to accept the recommendations of the economic tribunal again in the best interest of Canadian consumers, and that is what I tried to establish in my remarks by emphasizing the benefits for Canadian consumers.

Mr. Speaker, I suggest that on the whole and in the future, this decision and its impact will clearly benefit Canadian consumers who, because of the quota system, had been in the past at the mercy of rising prices, and who will from now on have access to a wider variety of shoes of better quality at a lower price. Because we should not overlook the fact that the cost which these quotas represent for importers is passed on to Canadian consumers in a sector of higher priced shoes. Canadian consumers, therefore, could not buy the cheaper shoes because, not being imported, they were not available on the Canadian market. It has been established and I think that studies have clearly demonstrated that these quotas had a yearly impact of between \$80 and \$85 million on Canadian consumers. As a Conservative Government, we feel that these measures must be changed again for the benefit of Canadian consumers.

[English]

**Mr. Langdon:** Mr. Speaker, both this Minister and the Minister who spoke this morning put forward an argument which suggested that quotas were being kept for those parts of the industry that had not yet modernized or received Government help for restructuring and that the quotas were being eliminated for those parts of the industry which had received such restructuring help. I would like to make a brief comment before I come to my question and point out that first, the tribunal report itself does not talk in those terms at all. Its reasons for making the exception for women's and girls' shoes have nothing to do with the question of whether or not modernization has taken place. The tribunal makes it quite

clear that the substitutability factor is of greater significance in that case.

I would also like to note that we have been able to receive data from all the Quebec firms in the footwear sector which have received assistance from the Canadian Industrial Renewal Board up to the end of 1984. There is a total of 10 such Quebec companies. Four of those companies are exclusive producers of women's shoes. The other five companies produce combinations of men's and women's shoes. The suggestion that somehow the industry had been helped with respect to men's and boys' shoes but not with respect to women's and girls' shoes and therefore the distinction was kept is simply not accurate. In fact, the Government has made a decision which has abandoned the shoe sector, parts of it a little faster than others, because of a commitment to ideological purity rather than to economic common sense.

In making this decision, did the Cabinet and in particular the Minister who has just spoken look with any kind of seriousness at the paragraph contained in the report of the import tribunal which tells of what took place in the United States when quotas were removed from shoes in that country? I would quote from page 33 of the report of the tribunal as follows:

The U.S. experience following the removal of orderly marketing arrangements in 1981 shows that manufacturers, in the absence of important restraints, have greatly expanded their imports. This might have happened in Canada as well if quotas had not been imposed. Thus the benefits of quotas to domestic production may be underestimated if quotas have, in fact, prevented a major shift towards imports.

I put it to the Minister and the House that that is what we in Canada will face. We will face a massive explosion which will force the Government into ignominious retreat in six, eight or ten months' time. It will force the Government to impose these quotas again. I simply hope that the red faces and the sense of shame that will be apparent at that point will somehow make up a little bit for the thousands of lives which will have been damaged in the intervening period.

**Mr. Côté (Langelier):** Mr. Speaker, we did not create that tribunal, the former Government created it and gave it a special mandate. Let me quote a part of that mandate which reads as follows:

—in the event of a determination of injury or threat thereof, recommend a formula by which the special measures of protection could be phased out through a progressive liberalization process covering a period of not more than three years, by which time the Canadian industry would be required to face international competition without special measures of protection.

● (1550)

They were temporary measures which were put in place eight years ago. The tribunal made its recommendation by stating that a sector of the industry has been able to come to a point where it could meet the competition but that only part of it need be protected. As the tribunal says, this protection could not go beyond three years. Obviously, we gave all benefit of the doubt to this sector. We hope that it will come to a point where it will be in a position to compete on an international basis in three years.