

Customs Tariff

Mr. Pearson: Well, I do not happen to be part of the government at the moment. Last night we asked the minister if he would indicate why the government was producing this resolution. What had it in mind? What was the basis of its policy? What determined it in accepting this resolution? If he had taken us into his confidence at that time perhaps we would have been in a better position to deal with government policy at this moment.

Mr. Fleming (Eglinton): If you have a policy you have not declared it yet.

Mr. Pearson: This is certainly no policy, and we are against it. I am proceeding to indicate why, and before I finish perhaps I might even—though it is going to be very difficult, I know—convince the Minister of Finance that in putting forward this particular recommendation as government policy, all he is doing is getting the worst of both worlds.

The tariff board obviously debated with itself as to the wisdom of granting the kind of assistance which would preserve this industry. On page 42 of the report it had this to say:

Whether or not the Canadian taxpayer should further assist, by increased tariff protection, the domestic wool cloth industry is debatable—

Then the board went on to raise three considerations upon which the assistance might be justified. I thought perhaps the minister, if he had bothered to speak on this matter last night, might have indicated whether these considerations weighed with the government in accepting and putting forward the policy it is putting forward. The first consideration was national security. The board said that such a decision is a matter for consideration on strategic grounds and not one upon which this board is expected to offer an opinion, much less give advice. Nor does it presume to do so. Mr. Chairman, it would be very difficult indeed to justify the action which is being proposed on any grounds of national security.

Then the second consideration put forward by the board, also on page 42 of its report, was economic grounds. The board had this to say:

It is difficult to see, on the basis of economic criteria alone, that Canada should keep in being, or permit or encourage to grow, an industry which appears to have little hope of competing profitably with its own competitors abroad or of maintaining its place relative to other domestic industries offering greater opportunities for growth and success.

This is a very important statement by the board on this industry. Then the third consideration put forward by the board that

[Mr. Fleming (Eglinton).]

perhaps justified increased protection was the social factor. Having refused to pass on the national security factor and having found no justification for increased protection on economic grounds, the board did go on to say, however, that the industry has, and I quote from page 43 of this report—

—a social significance which, while it may lack substantial economic grounding, is not something that may be dismissed, even in these spacious times, as of no consequence to the nation.

Then further at the same page:

It is an aspect of an economic problem in respect of which only "high policy", in the most literal sense of the phrase, can be expected to come to judgment.

In the light of these factors, or in the light of these considerations, what will the action recommended by the government do to meet them? Certainly this action will not, quoting again from the report of the board, "put the industry on easy street". It will not, according to the board, "keep the industry in being, as a going concern, for an indefinite period in the future". It will not grant, according to the board again, "the protection it (the industry) sought and argued for at public hearings". The protection recommended will give the industry a—

—measure of assistance that will permit it to continue to fight for its existence, at least until such time as there may be enunciated, by the proper authority, a carefully considered decision in high policy regarding the future of the Canadian wool cloth industry.

In other words this is a kind of stop-gap recommendation on the part of the government, something tentative until something else can be worked out. The policy that is recommended in this resolution will not save the Canadian industry. If it will not save the Canadian industry, what will it do? As I said last night, it prejudices our trade relations with the United Kingdom on the very eve of a commonwealth economic conference about which my hon. friends talked so much as being such a hopeful development in commonwealth economic relations. Surely it is a depressing prelude to the conference to take action of this kind, which will do little or nothing to save the Canadian industry but which will offend and anger the United Kingdom on the eve of this commonwealth conference.

I gave some examples last night, some observations by the high commissioner of the United Kingdom in Canada and by two leaders of the British woollen industry, which show that this particular action has distressed, disappointed and irritated them on the other side. Coming as it does after all the fervent declarations we have heard from the other side of the house about the desire of this