

I would also like to point out that even if a manufacturer is successful in obtaining a "made in Canada" ruling, he does not necessarily receive tariff protection if the tariff item in question happens to be bound under GATT. This could only be obtained by negotiation and, obviously, would require that some concession on balance be extended.

With particular regard to custom-built equipment, the Minister of National Revenue may, at his discretion, declare such to be of a class or kind made in Canada if adequate facilities for economic production of such goods within a reasonable period of time exist in Canada. While this is satisfactory as far as it goes, delivery of such items is very often three to four years from the date of receipt of the contract; and if a foreign producer still persists in tendering a low price and obtains the order, he is not subject to dumping duty until the time of delivery. Obviously, this is a weakness. Some procedure should be set up at the time the order is placed.

Senator HORNER: You say this brief was prepared in November. The dollar is now about equal in both countries, and may continue to remain so. The premium on the dollar will not trouble you in the future?

Mr. SIMPSON: I was going to comment on that, sir, if I may.

Senator HORNER: Excuse me.

Mr. SIMPSON:

PREMIUM ON THE CANADIAN DOLLAR

The persistent premium on the Canadian dollar acts as a direct reduction in an already low tariff structure and is a major handicap to the competitive situation of the Canadian manufacturing industry both in our domestic and export markets. The elimination of the premium would be of inestimable value to the competitive situation of Canadian Industry generally and, consequently, to employment in this country. To achieve this we must concentrate on increasing substantially our own internal rate of capital formation and we must do without some of the capital expenditures which are directed toward the development of facilities for our greater comfort and enjoyment rather than for an increase of productive facilities.

This comment, Mr. Chairman, is obviously one of those that has been changed somewhat by the supplementary budget. The comment we have made here, in regard to the Canadian dollar has, of course, been rectified in part by the statement of the Minister of Finance in the supplementary budget presented to parliament on December 20th. The premium at the time was approximately 3½ per cent to 4 per cent. I do not have the exact figure before me. Subsequent to the announcement, it dropped very close to par. The cash discount, as indicated on the morning of February 7th, was 1⅓ths per cent, and that is two days ago. There is no guarantee, therefore, that the small relief obtained will last since the dollar is free to fluctuate. It could go back as high as it was, under certain circumstances, and as long as this uncertainty exists it is a competitive handicap.

WAGE DEMANDS

Wage demands and settlements must be kept within the bounds of what the economy can support. In recent years, wage rates have increased in Canada at a far greater rate than productivity and at a greater rate than most of the nations with whom we are competing. A continuation of this trend will make the Canadian manufacturer even less competitive than he is today, with further loss of business and employment. It is most important that labour unions fully appreciate this situation and show reasonable restraint