

Employment Support Bill

other sectors of the economy. A revision of the corporate tax rate should help accomplish this.

Different selective tax credits to export industries which demonstrate an increase of new business should have been considered. The reason this government has rejected such approaches seems to be that it is firmly hooked on the belief that it alone knows what is best for the economy. Rather than non-discriminatory tax relief, it is continually reverting to grants, loans and other assistance which are creating economic dislocation.

The advent of the American surtax is the most important economic event that has occurred since World War II. It has radically altered the trading pattern of the world in a way that is still very obscure. We are learning that the world does not have to buy from Canada and we must take resolute action to pilot our way in the new situation. This bill is a small recognition of the problem but it still adheres to the policy that government knows best and that the revenues of the federal government are to be kept high. When it is considered that the three levels of government took 46 per cent of the gross national product for the first six months of this year, it follows that the private sector of our economy cannot function in an efficient manner in such a confined tax space.

I support this bill as being of some help, but I think the thrust is wrong and more useful measures could have been adopted.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I find it rather difficult to understand how this measure will meet the problems which we face. When the United States announced the 10 per cent surcharge it dropped a bombshell on the world generally and on the Canadian economy in particular. The speech in this House that best outlined the reasons for this action by the United States was made by the hon. member for Duvernay (Mr. Kierans). He outlined the reasons why this action was taken by the most powerful trading nation in the world.

I do not understand how the western trading nations can operate effectively or economically as long as the 10 per cent surcharge remains. The way the economy operates today, the nation with the money and the power is the one which stands ready to support the financial structure of the world economy which it dominates. We have now reached the point where the nation which dominates world economy is turning to its partners and saying they will have to carry the bag. If we were the beneficiaries of the system, there might be some logic in telling us that we would have to pay to maintain the system—but we are not the beneficiaries, we are one of the satellites of the system.

For the government to say to the House that this bill is the answer to problems of this kind seems to be begging the question. One of the shortcomings of the bill is that it does not take care of the effects that the United States surcharge will have on much of the production in the area of Canada from which I come. If the bill were to meet the current situation—namely, that one part of Canada will be left out in the cold—it would be necessary to consider the global trading situation of the western world. Surely it must be evident that this measure will not meet this overall situation. Along with introducing this measure the government should be saying to this House and to the

people of Canada that it has a long-range view, that it is going to reorganize our manufacturing and production resources to meet a situation where the major trading nation in the western world has decided to cut out a major part of the products of its trading partners. It seems almost bordering on the ridiculous that a major nation like the United States does not want our products, or at least the major part of them, and then we devise means of getting our products into a nation that does not want them.

• (8:50 p.m.)

I believe that prior to the Second World War, but certainly since, we have taken a continental approach to the North American economy and tied ourselves in with it, assuming that this would bring us a high standard of living and a large measure of economic security. Our whole policy has been based on this premise. We now find that this policy is not going to work. We told United States investors that we were going to build a tariff wall around Canada from which they would benefit, give service to Canadians and at the same time ship their products back to the United States. Some of the resource industries also received tax benefits.

An hon. Member: Tell us what you would do.

Mr. Gleave: In addition to paying for all this investment and losing our money on mutual funds and other funds operated by insurance companies in Canada, do you know what else we are going to do, Mr. Speaker? We are going to subsidize the United States consumer to the extent of the sum this bill provides to assist Canadian workers in Canada.

Mr. Mahoney: Oh, come on.

Mr. Gleave: I am not kidding. If the objective is to put goods manufactured in Canada into the United States market—

Mr. Mahoney: The objective is to keep Canadians working.

Mr. Gleave: If the objective is to put "made in Canada" goods into the United States and the government is paying part of the wages of the workers who made those goods, then we are subsidizing to that extent United States consumers. I do not care how you cut the cake, that is the net result.

Mr. Deputy Speaker: Order, please. The hon. member for Ontario (Mr. Cafik) is seeking the floor.

Mr. Cafik: Mr. Speaker, would the hon. member permit a question at this point?

Mr. Gleave: When I have finished, Mr. Speaker. Then if the hon. member for Ontario (Mr. Cafik) chooses to ask a question, if I have the answer I will give it to him.

Mr. Deputy Speaker: Order. The hon. member for Saskatoon-Biggar (Mr. Gleave) has the floor and I think he should be permitted to make his speech.

Mr. Gleave: I am putting forward the picture as I see it. If hon. members on the other side do not accept my logic,