

*Employment Support Bill*

firms that feed these bigger companies are going to be left high and dry. The minister was not too clear on that. We have hundreds of companies in Hamilton that are extremely concerned. They do not export their products but, rather, manufacture products to feed these bigger companies. What is going to happen to them?

I am not sure what clause 15 of the bill means. It refers to a "special case" and perhaps it is a catch-all phrase. It is a complex clause that no one has explained to me. It provides:

Where a manufacturer who makes an application under this act for a grant is unable to comply with any regulations applicable in his case and the board is of the opinion that a grant to the manufacturer would not be outside the purposes of this act, as described in section 3—

Section 3 says that the purpose of the act is to provide a means of supporting levels of employment; that is the gist of it. Are we going to bring in under the legislation all companies as a result of the following words, "the board may, having regard to the purposes of this act, recommend to the Governor in Council that a grant be authorized under this act for that manufacturer"? Does that mean that even though a manufacturer does not export, that he is not affected by the import surtax, he can make an application and, in accordance with the principle of the bill, be given assistance?

**Mr. Knowles (Winnipeg North Centre):** It is a pretty blank cheque.

**Mr. Alexander:** Yes, it is a sort of blank cheque. So the first concern I have with this bill is, what is going to happen to these smaller industries? That is why the Leader of the Opposition (Mr. Stanfield), in an admirable speech the other day, made so many points. I do not want to go over them, but he talked about the long-term economic policies of this government. This bill is a sort of patchwork solution to this emergency, but we are still faced with the awful problem created by the economic policies of the government as they affect Canadian productivity and employment.

We are used to hearing the President of the United States go to the people and make various points in his state of the nation speech. I asked the Prime Minister whether he would like to do this in order to bring the people of Canada up to date. I am not saying anyone has been dishonest in respect of the state of our economy, but what has been done has been patchwork and ad hoc. One minister says one thing and another minister says something else.

I should like the Prime Minister to tell the country exactly what we are doing, where we are now, where we are going and what our plans are to offset what everyone has concluded will be a disastrous winter. The people are entitled to such a statement. The Prime Minister says, "Leave it to the Minister of Finance". The Minister of Finance (Mr. Benson) lost his credibility months ago. Nobody believes him any more. Every prognosis he has made has been wrong.

• (5:40 p.m.)

**Mr. Baldwin:** His economic slip is showing.

**Mr. Alexander:** Why should the Minister of Finance make the statement? Let the Prime Minister be wrong for a change, perhaps even more so than he has been in the past. All I am asking for is such a statement.

On August 15, 1971, President Nixon inaugurated a series of economic reforms based on this statement:

The time has come for a new economic policy for the United States. Its targets are unemployment, inflation and international speculation.

These reforms affect not only ourselves but all industrialized nations whose economies are linked with the United States. As I said before, this affects Canada and what we are doing in this situation is important. This surcharge hits manufacturing in two ways. Companies in now buoyant industries will have trouble increasing their sales in vital U.S. markets so they will delay hiring more workers. Companies in lagging industries could lose sales if the surcharge continues for long. They may end up laying off workers and creating further structural unemployment.

The points to consider are that our manufacturers cannot raise prices, while those of United States competitors are frozen, without losing ground both at home and abroad. Wages for Canadian labour will not be frozen as they are in the United States. Canadian producers will face yet another squeeze on their profit margin, with the result that still less domestic capital will be available for investment. An added problem is that the industries affected by the surcharge are also those which have been weakened by the 6 per cent rise in the exchange rate since June, 1970. If the surcharge continues for several months, in my respectful submission these industries could be seriously damaged.

Another point of concern to me is the effect of the DISC program. What is the government doing about this? That legislation could be disastrous to the economic solidarity and viability of Canada. The Domestic International Sales Corporation would provide tax deferral on earnings from export sales, and it is likely that the legislation will be in effect by January 1, 1972. This measure would provide a substantial stimulus to United States producers to increase their export sales, with a resulting favourable effect on the United States balance of payments.

The Canadian Export Association fears that the export promotion scheme applied to American companies through DISC may, if successful—and there is no reason to believe it will not be—present a serious problem for Canadian exporters competing for the same markets. This problem is in addition to what we are talking about when discussing this bill. The federal government last year estimated that the DISC proposal would give United States exporters a 6 per cent advantage in competition with Canadian manufacturers, although the effect would vary from industry to industry. It is anticipated that United States companies would be permitted to borrow from DISC for the purpose of retraining employees and changing plants to meet competition from imports. As a result, the competitiveness of U.S. goods would be increased, applying pressure to both Canadian exports to third country markets and the United States and to domestic sales by Canadian manufacturers. I want to know what the government has to say about that matter