

*Customs Tariff*

recommendation No. 155 which deals with exemptions from duty on goods for certain institutions. This chiefly concerns items Nos. 69605-1 and 69610-1. It is a question of whether the items in No. 69605-1 will continue to enter Canada duty free. These items are used for research and teaching throughout our entire schooling system. The proposition is that they shall not enter duty free if they are made or otherwise available in Canada. This brings to mind two considerations. First, who will find out where they are made? There are thousands of items. Are they comparable? Is sulphuric acid really sulphuric acid? There are different levels of purity in these various chemicals and products. Who will determine whether the goods are actually or might be available in Canada? Will it be the Department of National Revenue? How long will it take?

Second, if they are deemed to be subject to duty, then the costs to educational institutions will rise tremendously because not only will the goods attract the duty, they will attract sales tax. These goods must be unavailable from production or potential production in Canada, and they must be used directly in teaching and research.

Let me refer to the example of a computer which is not manufactured in Canada. A university will use the computer for 50 to 60 per cent of the time as a teaching aid; for the balance of the time it will be used for administrative purposes. Because of the recommendation of the Tariff Board, if the computer is not used 100 per cent of the time in teaching and research, it will attract customs duty and sales tax.

Who will monitor the use of computers? Will the Department of National Revenue send out snoops to various teaching institutions? What about computers being used in commercial research? I think these difficulties will surface in the administration and the implementation of the recommendations contained in the bill.

In any event, this will be looked at much more closely in committee. There are hundreds of pages in the annexes by the very nature of the tabular print, which will be examined in committee. I invite hon. members to search these matters out. Perhaps they could draw to the attention of committee members some unforeseen effects of these proposed changes in their various parts of the country. After all, it is only with the input of industries and businesses that we will be able to learn about the effect of these various changes and to enter caveats, if necessary.

This is not an area in which one discusses the behaviour of Canadian customs officials greeting returning Canadians at international airports. This does not come under the customs tariff; it will have to be discussed under the Customs Act at another date.

**Mr. Neil Young (Beaches):** Mr. Speaker, the bill before the House proposes a large number of amendments to the customs tariff arising from the concessions to which Canada agreed in the last round of negotiations on the General Agreement on Tariffs and Trade in Geneva. As the minister pointed out, the

general objective of the final agreement was the expansion and greater liberalization of international trade.

Economic developments in Canada since the last round of negotiations on the General Agreement on Tariffs and Trade, that is, the Kennedy Round, which was concluded in 1967, must lead any thinking person to conclude that Canada has very little to gain from a more liberalized trade policy.

Canada's unemployment rate has risen from 3.8 per cent in 1967 to 7.5 per cent in 1980. The inflation rate was 3.5 per cent in 1967 compared with 10.1 per cent in 1980. Real growth in the total output of our economy averaged over 5 per cent in the last half of the 1960s, while the real rate of growth in 1980 was .2 per cent.

● (1440)

In 1967 the Canadian dollar was exchanged at an 8 per cent premium over the U.S. dollar. Recently, our dollar has been discounted by over 19 per cent relative to the U.S. dollar. Canada's deficit on current account was \$500 million in 1967 compared with a deficit of \$137 million in 1980. These figures may lead some people to reject completely the suggestion of any further move toward a more liberalized trading agreement.

However, in my view the experience resulting from the Kennedy Round of GATT negotiations is a poor test of the potential benefits which could be derived from free trade agreements. I say this for two fundamental reasons. First, I question to what extent trade was liberalized after the Kennedy Round of negotiations. The Kennedy Round did not directly address the question of non-tariff barriers. To a large extent the lowering of tariff barriers following the Kennedy Round was counterbalanced by increases in non-tariff barriers, or what has to be called the "new protectionism". Second, even if there had been a significant degree of trade liberalization following the Kennedy Round, a country could only reap the benefits of that liberalization if the country had also undertaken a process of industrial planning geared toward a full employment strategy.

Indeed, a full employment economy is the best adjustment program conceivable in the context of approaching liberalized trade. In my view it is essential that the issue of employment must be the paramount issue in trade negotiations. I venture to say the time has come to change some of the traditional ways of looking at international trading agreements. In Canada's traditional trade structure our imports are considerably more labour intensive than our exports. Canada has been exporting our natural resources, a large part of which are non-renewable resources.

If trade balances were calculated in job terms rather than in dollar terms it would be shown clearly that our performance in international trade negotiations has been less than effective on behalf of Canada's work force. I am concerned that the dimension of jobs in international negotiations is not given the consideration it should be given by our negotiators, or by those who advise them in those trade negotiations. This government in particular has shown itself to be oblivious to the problems of