

did work in that way, free trade might be something that we should look at; but the market does not work in that way.

There is sufficient evidence to indicate that with the growth of the large multinational corporations, the interference of governments in trade, and the new kind of mercantilism that has arisen in the world, a new way of dominating markets has been found that does not allow new entrants into the field. It is not the little shops that sprung up in eighteenth century England that we are dealing with now; we are dealing with great monoliths that move from country to country. I am not saying that they are all part of conspiracy; it is just the way our world has developed, and they are now a fact of life that we have to deal with.

Many large corporations have access to powers that are away beyond, I suspect, those of most national governments in the world. A corporation like General Motors of the United States has assets in excess of those held by most countries in the world, and it certainly has access to powers in excess of those countries. Theoretically, the countries we are talking about, even if they have a population of only 100,000 people, have the sovereign right to say no. There is the right of the poor to say, "No, we will not accept this"—except that the poor usually do not have that kind of choice: faced with the overwhelming wealth of somebody who does not possess sovereignty in the way that a government does, they usually have to succumb to the wealth, power and technology with which they are faced.

So far as the concept of free trade in Canada is concerned, what would we be matching up? We are not only matching up one country one-eleventh the size of the other; we are matching up Canada, which is very rich in resources, with a country which is the most highly developed of any in the manufacturing field. Canada is rich in highly desirable resources that are now becoming very scarce around the world, particularly in the United States.

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What happens if we remove the tariff barriers? We have seen what happens, even when you do not remove those barriers, in the relationship between Canada and the United States. We have become a mining and a resource hinterland to the United States. That is what we are now. But what will happen if we take away the few barriers that are left? Economists tell us this is a comparative advantage. If we have iron ore, obviously we have a comparative advantage in iron ore and we should sell it. Why should we go into manufacturing, if we have iron ore? If we have forests, then we should sell forest products. If we have oil, we should get rid of that oil; and if we have gas, we should sell it as well. What are the consequences of this action? Will we establish manufacturing in this country, under those circumstances? I do not believe we will for one moment.

What we will get in Canada, if we sell off all our resources, is what we now have in the maritimes, in certain parts of Ontario and in certain parts of the west. When the resources run out, the people have nothing to do. When you have to go 28 miles under the sea to get coal, nobody wants you any more and the proud people then

have to look for something less worthy. What Canada would become, under those circumstances, is a played-out hinterland. This is what would happen over a period of time.

It is true that we could reduce our population very substantially because the resource industry does not require very many people. This industry does not employ the number of people employed in manufacturing. We could be a small nation of perhaps six million or seven million people with a slightly higher per capita standard of living. We could perhaps increase our per capita income by having less population. This is the kind of thing the economists proposed for the maritimes. They said the maritimes should let the people go, so the ones who remained would have a higher per capita income. Is this the kind of pattern we want in our country? The people in the maritimes rejected the idea and I think Canada as a whole would reject it. While we do not want to become the most populous country in the world, surely we do not want to become the most unpopulated.

If we follow the same pattern that has been followed in the past, we will require the same social set-up and taxing system as our trading partners. Our political arrangements would not matter much any more, but we would require the same system of taxation. We would be under enormous pressure, because industry is volatile and can move where it pleases, particularly in the case of multinational corporations with enormous resources with which to play not only one part of the country against another but one sovereign nation against another. These corporations now play one province against another very easily in this country.

What this all means is that if the United States had a certain value system which was reflected in its taxation system, Canada would be required to have exactly the same system, otherwise industries would say that because their taxes were lower in the United States than in Canada, they would move. They would demand that Canada make the same kind of tax arrangements or they would move back to the United States.

As a matter of fact, this is what has happened without free trade. The whole justification for the proposal brought in by the government to lower the corporate tax rate and offer substantial benefits to manufacturers in Canada was to offset the DISC program in the United States. The government argued that the United States, as a simple matter of policy, had decided to encourage its multinational corporations to come home and carry out more manufacturing in the United States. The encouragement was by way of incentives and favourable tax arrangements.

Our Minister of Finance (Mr. Turner) had two options. He could consider this a discriminatory tax or a dumping measure and impose equivalent taxes on United States imports coming into Canada or, because we in this country have always had a feeling for liberalized trade—and I think that is good—the minister could follow suit. In other words, he would have to match, in Canada, the tax concessions being granted in the United States in order to offset the DISC program, preventing the exodus of all the branch plants of U.S. corporations. That is what the minister did. Without criticizing that judgment, I merely want to point