

Canadians, and all of whom are eager to see new opportunities created for Canadians to participate in the development of their own country, to realize their pride in Canadian initiative and capacities.

It is partly for that reason, Mr. Speaker, that I wish to say something this afternoon about trade and industrial development in Canada and about our assistance to developing countries.

The GATT agreements, completed last spring in Geneva, are the most recent stage in the long, difficult progress toward freer trade which began in the late 1930s. The recent so-called Tokyo Round was in several respects the most demanding in that prolonged process. The easier tariff reductions had been made as the result of the earlier negotiations; by 1973, when the Tokyo discussions began, the ingenuity of man had devised such a panoply of non-tariff barriers to replace traditional tariffs that growth in international trade was becoming increasingly trammelled.

Against this background, it is remarkable that so much was accomplished in Geneva. Much more, however, remains to be done here at home if Canada is to benefit fully from these marathon trade talks. Much of the task remaining concerns our relations with the United States. I take as my starting point certain implications for Canada from the GATT agreements, but Canadians should be under no illusion that we really have before us a much more fundamental question: our ability to order our future economic relations with the United States so that we can pursue our own unique social and cultural needs—so that, in short, we can give greater expression to our Canadian values, practices and traditions.

Canada and the United States are now committed to virtual free trade at the end of eight years, in the broader context of global reductions in tariff and non-tariff barriers. This is a development which, at least in theory, is to be welcomed. Freer access to world markets, and freer access to one of the largest and most prosperous of such markets, the United States of America, should help Canadian industry to rid itself of that persistent deterrent to greater productivity and international competitiveness: the hitherto limited size of the market for Canadian products.

The question of the actual costs and benefits of freer trade is a complex one, Mr. Speaker, but it is now one which requires prompt attention. In the past, the discussion has been a somewhat leisurely one; with the conclusion of the GATT agreements, it becomes an urgent one. If my advocacy of early action appears to have any partisan overtone, I should like to draw the government's attention to a recent plea from Mr. Robert Stanfield. In April he stated:

In view of the importance of economies of scale, can we continue to thrive without a wider area of free trade with the United States? On the other hand, can we preserve sufficient independence if we do have a wider area of free trade with the United States? The question of entering the European Common Market was a difficult one for the United Kingdom, but no one country dominates the Common Market as the United States would dominate any partial or total common market between Canada and the United States.

### *The Address—Mr. MacLaren*

Mr. Stanfield went on to say:

These questions are crucially important to Canada and to Canadian politicians . . . However, there has been little political debate yet about such a move . . . It will be interesting to see whether Canadians try to halt further economic integration with the U.S. and accept the resulting economic difficulties, or on the other hand try to secure increased access to the U.S. market and to build in the necessary safeguards. The debate must soon begin in earnest, and at the highest level of Canadian politics.

I have noted some theoretical benefits of free trade. Reality is, unfortunately, somewhat different from economic theory. Canada is unique among non-communist nations in that the country to which 70 per cent of our trade, including 82 per cent of our manufactured exports, is directed, is the same country that controls a majority of our manufacturing sector and significant segments of our resources and related industries. The uniqueness of this Canadian situation is underlined if one recalls that, in the post-war European experience of free trade, there has been, as one observer has noted, "the union of more equally sized industrial economies and/or ones whose industry is not dominated economically by the branches of one neighbour."

● (1550)

Today United States corporations dominate manufacturing in Canada despite tariff walls. Tomorrow we shall have virtually no tariff walls or non-tariff barriers with the U.S.A.

The extent of foreign investment in Canada, mainly from the United States, is familiar. In any assessment of the net benefits and debits of this investment, it must be recognized that this has brought in its train a degree of foreign indebtedness again unique among industrialized nations. During recent decades there has been an increasingly large outflow of royalties and dividends and a parallel perceived need to keep Canadian interest rates above those in the U.S.A., with all the implications that this has for our own fiscal policy.

Second, given the fact that the United States is both our major trading partner and controls significant sectors of our economy, much of what is described as "trade" between our two countries is, in fact, intra-company movements of components or finished products within a single U.S. corporation, not deals at arm's length and not necessarily governed by market forces.

Third, with regard to exports, while some subsidiaries in Canada have received "global mandates" for their products, others are either assigned restricted export territories or excluded altogether from exporting. As an additional method of achieving greater profitability for the parent corporation, limitations are also in many cases placed on research and development, product development, or manufacturing diversification.

I was interested to note that, in a recent speech, the Minister of State for International Trade (Mr. Wilson) deplored, as he should, the lack of export freedom of some subsidiaries in Canada. I regretted however, that he was silent about what should be done. A report recently made to his colleague, the Minister of State for Science and Technology (Mr. Grafty), by the ad hoc advisory committee on research and develop-