

Customs Tariff

gy, industrial capacity, productive capacity and work force capacity is greater than ours, yet that is an industry the Americans are phasing out to third world countries and to emerging young industrial nations. Japan is doing the same thing. Surely to goodness part and parcel of the decision-making process here in Canada involves some of those attitudes, some of that experience and some of the marketing studies other countries have done.

I will give the example of shoe quotas. I telephoned the Department of Industry, Trade and Commerce and asked its policy section if it had any idea of the man-years it was protecting by putting the quota in to protect the shoe manufacturing industry in Canada. I was told that that section did not look into that. It did not ask those questions. I did not know the answer, but I subsequently found it in a research paper put out by the footwear import committee. I found that from 1972 to 1976 that industry actually suffered a loss of 345 man-years of work. Was that loss due to imports? Was it due to increased capitalization of plant to improve the productivity of that industry in Canada?

I also asked how many of the Canadian shoe manufacturers are importers, and hon. members would be absolutely startled if they saw the list of Canadian shoe manufacturers, protected by the quota, who are importers of shoes. They have it both ways. They have protection for their manufacturing capacity as well as quotas. I also asked whether there was any value tied to the quota system, and the answer was no. So what did we have? We had one gentleman, for example, bringing in hundreds of thousands of pairs of inexpensive beach sandals. He was given quotas, and he made a small fortune selling them off.

Have these quotas on textiles and shoes helped the low income earner in Canada? No, they have not. These policies have been very inflationary. The average industrial wage in Canada is about \$13,000. It is pretty difficult to raise a family on that kind of money today, but are we helping? Are we improving the purchasing power of wage dollars? With these kinds of policies, no, we are not. Importers have overheads, incomes and whole organizations. Travel expenses have gone up. Importers have stopped bringing in shirts at \$40 a dozen; they now bring them at \$80 a dozen. All of a sudden the market has dried up for low income earners. These are the distortions. When we ask the dreamers who make the decisions which affect us all if they foresaw anything of this, all they do is shake their heads. I take this opportunity in this debate on Bill C-48 to call for in-depth research into these matters which have such a wide and broad effect on all of us.

I sometimes wonder whether policies such as textile quotas and shoe quotas are really deliberate. Are they out to destroy the small business sector of Canada? What is happening in the shoe and textile industries today? Shoe manufacturers are eliminating their accounts receivable problems. They are dealing with big stores. They are dealing with chains. They do not want to take small, nuisance orders any more, and this is seriously distorting the distribution of footwear in Canada.

Surely to goodness a proper study would acknowledge that we are going to have a small business sector. We have a small business ministry. Is that just in name, or does it function? Has the Minister of State (Small Business) (Mr. Abbott) studied any of the complaints of small retailers? Has he learned about their inability to buy from Canadian manufacturers? I do not know. I think there is a serious inequity which has developed here too. I am told that Canadian manufacturers are not price gouging, that they are being quite responsible with regard to prices. But I am also told that their deliveries have slowed down. Just last April one very large manufacturer advised a buyer in the west that the fall production was all sold out. This indicates that Canadian capacity has been reached. Are the people in the Department of Industry, Trade and Commerce watching these indicators? Is the department increasing quotas to prevent a shortage and to make sure we have full distribution? I say again that in both these commodities it is the low wage earner who has been hurt.

One other aspect I should touch on has to do with waste. We have done a good job of hammering waste in government. I am a member of a committee of this House which is doing some very structural and fundamental work to create a consciousness about waste. I think there is good evidence to back up the figure of some \$2 billion in government waste. That has been expounded upon, and the people of Canada are becoming very aware of this. However, that figure is infinitesimal compared with the waste we have allowed to be built into our total system. Waste in the industrial sector is unbelievable, and herein lies one of the biggest challenges and concerns we have in Canada. Waste is built into our system. The very taxation system we impose on the incentive sector builds in waste. We tax those who are efficient and those who earn profits. Perhaps we should start thinking about those economists who are questioning the old authority. Perhaps we should start slowly phasing in a tax on net cost and start reducing the tax we have on efficiency or on profit.

That brings me back to GATT. I do not know how the negotiators we have at the conference table can do justice to the Canadian scene without a national industrial strategy being in place. Our negotiators are listening to specific lobby and interest groups. They are looking at total figures and attempting to balance them by sawing off here and there. It is ad hocery all down the line. How we can deal with something as important as GATT without a national industrial strategy, or at least the framework of one, is absolutely beyond me. I suggest that the generation tomorrow will be paying for our shortcomings today in these very important negotiations.

Much of our trouble today came with the 1971-72 tax legislation. I think that the socialist input into that taxation philosophy of "a buck is a buck is a buck" is probably the most dishonest, shameful and harmful thing that has happened to us. I say this because the civil servant who is spending money on behalf of the government, the bureaucrat who is designing the expenditure, does not put the same value on the dollar as people in the private sector. When the private sector has a dollar of earnings or profit, the rate of tax is so high that a