

*Employment Support Bill*

The survey conducted by my department also indicates that there are some 150 companies which would have difficulty surviving if the surcharge lasted up to a year, and many of these would go under well before the end of the year. Those companies have exports to the United States of \$377 million and employ 45,000 persons. There are 73 companies which have indicated that continuation of the surcharge for up to one year would make it necessary for them to consider relocating all or part of their operations in the United States.

This is the essence of the report. I think it is dramatic enough to convince my hon. friends that the measure we have introduced today is very much needed. The question is then, how long can we wait until we get the exemption, or how long can we wait before the United States government decides to remove the surcharge for some countries or for all countries.

There is another aspect of this situation which it is very important to bear in mind. Will not the surcharge if kept for too long a period, if there were not the sort of compensation system that we are now seeking, have a long term effect? Commercial trends, or trade patterns between Canada and the United States have been developed over a long period, at great expense to the companies themselves and to Canadian provincial and federal governments in terms of research and development assistance, "GAAP" support and promotion expenditures. If no action is taken these patterns are going to be jeopardized and the effects will be with us for a long time.

May I also indicate to hon. members an argument that the Minister of Finance and I have made, which is that companies in Canada and the United States assumed in the past that these patterns were to be stable and that the possibility of the rationalization and specialization on a North American basis was something which was acceptable, accepted in the trade philosophy which exists between Canada and the United States. In other words we feel, and I hope the House will agree, that the situation created by the surcharge for these companies, for this "system", is one that Canada could not accept and had to try to correct in some way.

Some hon. members will probably suggest that we should have been more vigorous, that we should have taken retaliatory measures, that we should have imposed an export tax on things that the Americans need. I suggest that before repeating this in the House the hon. member who might make that suggestion should get his information straight.

**Mr. Gilbert:** Is the minister talking about the hon. member for Duvernay (Mr. Kierans)?

**Mr. Pepin:** In some cases that I'm aware of this export surtax would have to be paid by the Canadian exporter because prices are established on a landed basis, tariff included. So that would not be the wisest thing to do at this time.

At the same time, as an indication of the seriousness of the damage, may I hasten to add that some of the measures taken by the United States might be quite advantageous for Canada. A revaluation of other currencies would be good for Canadian exports, in other markets to the extent that they are allowed to compete in those mar-

kets. That would be good also for our industry selling on the Canadian domestic market. A "relance" a pick-up in the United States economy would also be good for Canadian exports. More specifically, the removal of the excise tax of 7 per cent on automobile purchases will benefit Canadian exporters. One would need to balance these advantages and disadvantages. So far as Canadian manufacturing processing industries are concerned, the damaging effect was too great we feel, to be contemplated at this time.

• (3:30 p.m.)

[*Translation*]

Mr. Speaker, Bill C-262 which I am now introducing is entitled "Employment Support Act". Its purpose is to mitigate the disruptive effect on employment in Canada of restrictive trade measures such as the American tax on export products. It may already have been noted that the bill is of a general nature and also of a permanent character, that it constitutes a sort of umbrella under which different situations could be covered. It may be a matter of surtax or something else coming from countries other than the United States. In this regard, the bill has a general bearing.

The government feels indeed that it must be prepared to act quickly every time other countries are using restrictive measures having a substantial effect on our exports and causing a serious disruption of employment, I insist on the words "substantial" and "serious", so that it may be understood that this is not the kind of measures to be employed—as was suggested today for instance—in order to prohibit of textile products, being carried out in a perfectly legal manner, from Japan, Hong Kong or elsewhere. This is a self-protection measure against decisions of tremendous impact taken by other countries, such as the American surtax.

Of course for the application of this act, each case will have to be judged on its merits. In each instance, need will have to be determined as well as the amount and the form of the aid, while taking into account both the effects and the circumstances prevailing at the time, as well as the kind of measures involved and their possible effect on employment in Canada. Once again, retaliation is not the object here. All that the government is seeking is to minimize the effects of the restrictive measures in question where such measures could seriously affect employment. We would thus be able to avoid a serious threat to the economic, social and even political stability of Canada. It is not a piece of legislation to be applied all the time. It will be a measure to be put in operation, as my grandmother would have said, "on very important occasions".

What kind of assistance is provided under the bill? I repeat that the financial aid suggested in this legislation is in the form of grants to support employment. As the program aims first at mitigating employment disturbances in the various Canadian regions, grants will be related to the operation of each plant individually—in English we say "each plant"—rather than to the whole activities of undertakings or corporations which own it. If the purpose is to maintain employment, we must therefore seek to avoid large-scale shiftings in the jobs which are to be protected.