

Prince Albert (Mr. Diefenbaker) is wont to say, "The chickens have come home to roost".

As Your Honour knows, the accumulation of capital in the United States is astoundingly large. Through the establishment of multinational corporations, large investments have been made in countries throughout the world. Some of these corporations claim they are no longer United States companies but rather a Japanese subsidiary, or in another case a Brazilian subsidiary, and so on. Since people in business are motivated to make money, what has really happened has been that the investments made in Europe, Japan, Taiwan, South America and Canada have financed industries that employ cheaper labour, or which have cheaper power resources. In addition, these multinational United States corporations export their products to the United States.

It has been said that perhaps as much as 28 to 30 per cent of the investment in the European Economic Community is United States investment. It has also been said that 20 to 25 per cent of Japanese capital investment is United States capital. We know that over 50 per cent of Canadian industry is United States owned, and possibly 60 per cent of South American industry is backed by United States investors. This means that the United States is now faced with the problem of erecting barriers against goods manufactured in other countries, where labour is cheaper, by their own multinational corporations.

There is another question which the hon. member for Duvernay and others did not face. It is one that the United States has not faced and I do not think we are really facing it. I refer to the fact that in the long run one country cannot compete with another country, despite the erection of tariff barriers, unless its labour is more productive than labour in that other country. It so happens that labour in Canada and in the United States is nowhere near as productive as labour in Germany, Japan, Taiwan and other countries. As I have said before, a look at figures published by Statistics Canada reveals that Canada is ninth in the world in the matter of productivity per man hour. We are behind countries like Greece, France, Spain and Portugal. Yet we want a standard of living that is second to none.

This is why the United States and Canada have to face up to the point made a few days ago in the speech made by the Minister of Labour (Mr. Mackasey), namely that we have to find some method of solving labour-management disputes other than by work stoppages, which account for about 80 per cent of lost productivity. In addition to the work stoppage itself time is lost before the stoppage, and also after resumption of work because the parties are seldom satisfied with what has been achieved. We are still functioning under this antiquated system but Japan and Germany have discarded it. No wonder they out-produce us. I suggest we will not make much headway until this situation is remedied.

• (12:30 p.m.)

Hon. members have mentioned the DISC program. I referred to this program in some detail in the spring of this year when the bill was being considered by Congress. I will not take the time to explain that program now because it was explained very carefully and accurately by

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the hon. member for Duvernay (Mr. Kierans) and I think hon. members are quite knowledgeable about it now.

In addition to that we have the other part of the United States programming or economic planning which completely divorces itself from any sort of trade agreement. You cannot tell me that this unilateral action by the president complies with GATT. Nor can you tell me that the support of transportation by the German government comes within GATT. All the subsidization by the Japanese in respect of promotional sales does not fall within GATT.

The point I am trying to make is that we must come to the conclusion that there are no longer any agreements. The only country slavishly following the GATT agreement is Canada. We must conclude that the United States has returned to economic isolation. It is out for itself, and it must be in order to survive. I venture to suggest that the ideas expressed by the late president, John Kennedy, have been discarded. The United States has no intention of having any responsibility toward trade or trade agreements. The United States is out to save its own economy, and for that reason, in spite of all hopeful wishes, this surcharge is not going to disappear now, in five years time or in ten years time. If you were an American entrepreneur struggling with labour productivity and you were given this 10 per cent gift would you allow the president to take it away merely because it hurt Canada? I suggest that is nonsense.

We must come to the conclusion that the United States is no longer concerned about what happens to Canada or any other country.

**An hon. Member:** Right.

**Mr. Otto:** We do not blame them.

**An hon. Member:** Wrong.

**Mr. Otto:** To blame them is absolutely foolish because they are not the first to break these agreements. They were not the first to introduce a DISC program. I pointed out in very great detail to this House about three years ago that the Japanese government provides money for the expansion of exports. It provides not only the cost of sales promotion, but it allows three years losses to be absorbed by the Japanese government. It discounts all notes and pays almost all transportation costs. The Japanese have a very efficient system of productivity and allow monopolies. They say to an industry that it can have the whole of North America as its territory, but must show a 3 per cent increase in sales. During that time no other Japanese industry can enter that area. How can we compete with Germany when they have the Rhine canal on which the barges are owned by the government, the masters are paid by the government and German manufacturers pay only one fennig per ton to ship goods 180 miles to the seacoast? We pay \$6 a ton, not one-third of a cent.

I do not think the United States should be blamed. They have seen that all the agreements were coming to nothing and that they were stuck in the middle. What we have to say is to hell with the United States as far as we are concerned. Are we going to say we cannot go it alone or are we going to say we have all the assets, the equipment and the manpower to become economically independent?