

*Canadian Economy*

government cannot help you. You have nothing to lose, so you might as well vote for us. If we had the powers the federal government possesses, we would solve your problems for you." The powers I am referring to are the powers to regulate the economy and decide on the level of imports, tariff protection and many other things such as money supply. That is what they want out of sovereignty, and that is the kind of case which will be made in favour of separation.

What this all means, then, is that to a very large extent our country will have to become more protectionist than it has been in the past, at least until we solve our unemployment problem. Most people do not care for the word "protectionist". When I asked the Minister of Industry, Trade and Commerce (Mr. Horner) during a committee meeting recently to give the committee an indication of the direction in which our negotiators in Geneva were going, whether toward freer trade or more protectionism, he replied that they were "going for fair trade"—whatever "fair trade" means.

In the party to which I belong, which I think has favoured free trade rather than protectionism, we have come to the conclusion that given the present unacceptable levels of unemployment in this country, our society must take a more protectionist stance. In fact, we must protect our industries. Some members to my right have talked about Canadians being hewers of wood and drawers of water, but even that option is not open to us. We have traditionally sold off our raw materials to the disadvantage of our manufacturing industry. But our raw materials are no longer finding ready sales on world markets.

At one time we used to pride ourselves that when nickel was required, buyers would have to come to Canada—there would always be a demand for nickel. But today people do not need as much nickel, and when they do need it, they are not obliged to come to Canada for it. At one time we could pride ourselves on unlimited oil supplies and gas supplies. That is no longer the case; we import more than we export. One could go through a whole range of materials which encouraged us to say: We have all these natural resources, and since that is the case we need not worry about creating jobs in the manufacturing industry. We can sell them off. There is an unlimited demand.

Well, Mr. Speaker, there is no longer an unlimited world demand for these resources, and the consequence of our policies in the past involving the export of our natural resources has been to deplete a great many of those resources. More over, the depletion of such resources has forced us to locate them in places which involve greater cost, making them less competitive with other areas of the world. Even that option, then, of being hewers of wood and drawers of water is not open to us.

It is fine to talk about free trade, and if there was genuine free trade in the world perhaps it would be an option. The problem is that in many ways we have been the most open society of all. I do not wish to say we have been the most foolish society, but in some ways we have been foolish. We have entered into trade agreements and to a large extent have

[Mr. Saltzman.]

honoured our commitment to free trade only to find that other countries have hidden behind what they have called non-tariff barriers. There are all kinds of institutional structures in virtually every country of the world which inhibit free trade. Yet many of these countries pretend that they favour free trade.

I listened with great interest to a presentation by the Electrical and Electronics Manufacturers Association. It was pointed out that virtually every country in the world protects its electrical manufacturers. The industry is seen as an instrument of national development and protection is accorded in many ways. Contracts or specifications are written in such a way that no offshore bidder can succeed. Often it is the government which is the buyer. Delays take place. Experience has shown that even when Canadian bids are competitive in quality and price, foreign markets are not open to them, while we, on the other hand, are not opening our market to them domestically. So we are playing the game by saying that everybody can bid, but other countries are not playing that game; they are saying that everybody can bid, but their own industry gets the contracts. Many countries protect their basic industries, and there is no free trade in those particular industries. There are still countries which say: We let your raw materials in. We do not put any tariff on them. That is because they need those raw materials. But when it comes to manufactured goods, they are not letting them in.

However, that is not the only problem facing our manufacturing industry. I am simply saying that we are living in some kind of fools' paradise if we think we can go to these conferences and negotiate areas of free trade, making concession in the belief we will get free trade. The history of our experiments in free trade in this country does not lead one to be very hopeful about the prospects. Let us consider a number of things which have happened. Years ago—I am sorry I do not have the exact date, but it was some 30 or 40 years ago now—under pressure from the agricultural community in Canada we went to free trade in agricultural implements. That was the pressure governments were under in those days. The idea was that, as Canada had a very efficient agricultural implement capacity, we would get a share of the North American market and there would be enormous benefits not only for the farmers but for the manufacturers.

If one considers a company like Massey-Ferguson, probably one of the largest in its field, we see there is a pattern under free trade. What they did was to leave their labour-intensive, non-technological production here in Canada. As new ideas were developed and greater sophistication was involved in the production of farm machinery, the necessary development took place in the United States. The argument was that production centres should be located closer to the agricultural market in the American mid-west. Why could it not have been one of our western cities if southern Ontario was not a good location from the viewpoint of transportation.

Surely, if there had been any kind of national planning at all or any idea how industry should be developed in this country, we could have established that machinery industry in the west.