

*Export Development Act*

So what really is the position of the Conservative party? The hon. member was properly corrected by the Minister of Industry, Trade and Commerce (Mr. Gillespie) when he asserted that there were direct financial giveaways—which the New Democratic Party as a political party would have opposed—to certain corporations. It was made clear that there were no such direct giveaways.

**Mr. Knowles (Winnipeg North Centre):** There are none in this bill.

**Mr. Broadbent:** As the hon. member says, not in the bill. What there was was a direct financing, if you like, of the purchasing power of exports to certain foreign countries.

I do not think that the Conservative party can have it both ways. On the one hand they say there should be no assistance given to purchases in an export industry if it is U.S.-owned. Indeed, they say no indirect financial assistance is to be given to a purchaser if the industry in Canada is foreign-owned. In other words, no assistance is to be given to virtually 90 per cent of those people in Canada who are employed in manufacturing industry.

Is the Conservative party willing to accept the consequences of that situation, since it would mean a reduction in jobs, certainly stifling the growth of those industries? If that is so, they would have logical consistency on their side if they opposed the bill. However, on the other hand, if they support the bill then I leave any rational man to his own conclusions concerning the consistency of the position taken by that party.

It seems to me that you can now well make the case—not entirely a strange case for members of the New Democratic Party to make—that we must do something to restructure the Canadian economy; that we must make a significant move to bring about a much larger percentage of wholly-owned Canadian enterprise in Canada, both public and private. However, in the interim it would seem to me to be absolutely ludicrous to argue that any assistance that we provide to other countries to enable them to purchase our products should discriminate as between an industry that is Canadian-owned and one that is foreign-owned, because all that this would do in the short run is to create unemployment. Or, as I said a minute ago, it certainly would not provide any expansion of job opportunities in the greater part of the Canadian economy. In effect, Mr. Speaker, I am saying that the Conservative party cannot be on both sides of the fence on this issue.

May I now turn to the general question of the export policy of the Canadian government. The Minister of Industry, Trade and Commerce has said that there have been some encouraging developments in recent export trade which have tended to move favourably toward labour-intensive industries. He cited cases of some good sales being made of locomotives, of the products of chemical firms and pulp and paper plants, of railway boxcars, and so on. This is exactly the kind of shift that we need in Canada and it is precisely the kind of industrial development that has been neglected by the Liberal Party of Canada for decades. If the new Minister of Industry, Trade and Commerce intends to encourage further development along these lines, it will certainly be of benefit to all Canadians.

[Mr. Broadbent.]

I want to underline the point that the bill in itself is an extremely small part, almost an insignificant part, of what might be regarded a serious export or industrial policy on the part of the Canadian government. What is of greater importance is the kind of taxation policy that the government pursues in terms of favouring or not favouring industrial development as opposed to the export of raw materials. From the point of view of the New Democratic Party there is still much too high a percentage of exports in the resource sector, exports that are being encouraged not only by the Export Development Corporation but by other policies of this government. I refer to the export of unprocessed raw resources.

The taxation policy of this government, like the taxation policy of previous Liberal governments, still favours the export of these raw materials. This means that since manufacturing industry is much more labour-intensive and creates more jobs, in the long run our financial and taxation policies are still geared to the creation of fewer jobs in Canada than should be the case.

As a result of what is still a disproportionately low tax on the export of our resources, we do two things simultaneously. Firstly, we encourage Japanese, German and United States capital to come into the country and buy up our resources, paying, as I say, relatively low taxation; secondly, this massive infusion of capital in the resource sector drives up the value of the Canadian dollar, which in turn drives up the price of our manufactured goods. Thus they become more difficult to sell to countries such as West Germany, Japan and the United States.

Therefore, the kind of taxation policy favoured in the past and still favoured by the Liberal government—I have heard nothing to the contrary said by the Conservative party—is one that in the long run militates against the development of a significant export industry producing secondary goods in Canada. What we need, then, is a shift away from this low tax rate in the resource sector to bring it into equilibrium at least with taxation of manufactured goods in Canada.

• (1550)

We would benefit from that kind of shift. It would drive up automatically the cost of manufactured goods in Germany, Japan and the United States who would have to pay more for raw materials, and also it would have a positive effect on our own dollar value in the sense that it would keep our dollar at a lower value if it decreased consumption of our resources, and also would encourage more capital to go into the manufacturing sectors of the Canadian economy and therefore produce more jobs dependent on the domestic market and on exports.

I should like to say that in addition to the shift in taxation policy which would be required to encourage taxes, we must begin to insist, as a precondition for the export of raw materials to countries such as the United States and Japan, that they have to take as well a certain increasing percentage of our manufactured goods. This seems to be entirely reasonable because, as I said, the manufacture of goods provides more jobs per dollar. The Japanese and the Americans know this. We can say to them in straightforward terms that we think we should get a higher percentage of those jobs in Canada than we