

Customs Tariff

most compelling and telling in terms of trade, but the other things. One example is the many ways in which countries successfully keep our products out of their markets while at the same time paying lip service to free trade.

We should not be giving anything at the GATT negotiations because we do not have anything to give. In the short run our problem is that we must cure the high unemployment in Canada. That can only be cured in the labour intensive industries in this country, the ones that need the most protection.

In the longer run, we do not have that problem. The demographic observations are that by the end of this century we will have a labour shortage, and maybe even before then. It is at that time we should be the most serious about free trade. It is at that time that this country will be able to afford to liberalize its trade, but not at this moment.

In many ways we have to some extent been saved from having the situation even worse than it is by the falling Canadian dollar. This has restored some jobs that were being lost because of previous policies.

There is not much time. The government will have to make some clear-cut statement on what its intentions are in the GATT negotiations. On those occasions when we have questioned the government, the answer has been that we are for fair trade. Everybody is for fair trade, but what does it mean? How do you debate fair trade? In what context is the government going to carry out its negotiations?

If we want to see some evidence of what freer trade has done for Canada, there are two examples that come to mind. There are many others, but these two are outstanding. The first is the Canada-U.S. auto agreement. We went into that and were assured that we would get our fair share of the market. In the initial stage of the implementation of that agreement, we got our fair share. To some extent we got a little bit more. At that time many of us warned the government not to be obtuse about it. We stated that it was one of those fortuitous things that take place in the initial stages of an agreement of this kind, in the sense that investment in the auto industry is very lumpy and there had to be heavy investment in the initial stages by the government in order to get the kind of productivity that was required.

We warned at that time it would be the second round of investment that would be important. We are in that second round of investment and we are not getting our fair share of the investment. Nor are we getting our fair share of the jobs. This is one area in which the government took some pride. It said it would liberalize trade and that it would work for the benefit of Canada. This has not worked for the benefit of Canada over the whole period. There were some initial advantages. When you look at the benefits, you have to ask yourself whether there was an alternative to the Canada-U.S. auto agreement. There was an alternative. There is still the alternative that we could have created an indigenous automobile industry in this country rather than tie ourselves into the decision-making process of some other country or of the corporations of some other country.

[Mr. Saltzman.]

The second area I want to point out is that of farm machinery. There has been free trade in farm machinery for some 25 years, and even more with some particular kinds. What has been the consequence? How much benefit have we received from free trade in farm machinery? Certainly our farmers received some benefit. We are happy about that.

In terms of manufacturing and jobs that need to be created, we have not benefited from free trade in farm machinery. As development took place and new technology was introduced, it was not in Canada that the plants were built and the production took place, but across the border. Canadian companies simply moved across the border on one pretext or another in order to manufacture in the United States. We have not benefited from free trade in either one of those two areas.

I know everyone wants to be in favour of free trade, I no less than anyone else. However, unless there is an industrial strategy and a short-run solution plus a long-run solution, under the present conditions in Canada, and with our enormous level of unemployment, freer trade will only increase unemployment and do nothing to give us the jobs required in this country. We should not be negotiating on that basis, particularly since other countries of the world are not putting their cards on the table. They are not prepared to dismantle the various institutional barriers they have set up for Canadian goods. We have nothing to gain from freer trade at the GATT negotiations, and we have to state that plainly and bluntly.

● (1612)

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I would like to cover four or five items. I would like to begin with the items on pages 7 and 8 of the schedule relating to the new levy to be in effect as of July 1, 1979, on aircraft and aircraft engines. The item on page 7 is tariff item 44043-1 relating to aircraft, not including engines, and on page 8 it is item 44047-1 relating to aircraft engines. Incidentally, I think this provision has to be clearly registered: neither aircraft nor aircraft engines being made in Canada. They are now free unless they come under the general tariff, and I think it is fair to say that most aircraft producers have negotiated most favoured nation agreements with Canada, so that it is really most favoured nations we are concerned about. I repeat that the important thing here is that the aircraft and the engines we are talking about are aircraft and engines which are not made in Canada.

As I understand it, customs tariffs have two purposes, first to raise revenue, and second either to protect existing industry in Canada or to provide a climate where an industry could develop. To my knowledge the levy which is to be imposed is to be effective July 1, 1979. That is a year off, but still business people are thinking about the imposition of this tax a year hence, and they are thinking about the businesses in which they are involved.

As a result of talking to one particular group of people in my area I have reason to believe that while there may be anywhere from 6 to 12 firms which would be hit adversely by the imposition of this particular levy, there would probably be