

that any continental gas and oil policy may well be decades away.

There has been some indication that the present administration would like to fight an election on an anti-American stand, by developing what might be a new and tough economic policy for Canada, with a call to the Canadian people to force control on inflation and to face up to the economic problems ahead. The government would then attempt to say that it had done all it could for the Canadian manufacturing industry and thus would be in a position to seek a mandate from the Canadian people. I do not think the government's case would hold water. I think the government would find itself sadly disillusioned.

The great interest shown by the government in this event seems to be ironic in view of the statement repeatedly made by the Prime Minister (Mr. Trudeau) during his recent visit to the Soviet Union, when he gave the impression that he was seeking a special relationship with the U.S.S.R. in order to contain an alleged threat to our identity from a cultural, economic and perhaps even military point of view. The Prime Minister came home from his holiday in Yugoslavia to find a 10 per cent surtax placed on one quarter of our exports to the United States, about 15 per cent of our total exports. He immediately dispatched his finance minister to ask for help. One would think that after his expressed feeling of the U.S. being a military, cultural and economic threat to Canada, the Prime Minister would have welcomed this display of American isolationism from its northern neighbour.

Then there was the famous statement made in Denver by the Minister of Energy, Mines and Resources (Mr. Greene) to the effect that Canada might not mind having some barriers, and he spoke of so-called electronic barriers. Apparently he was not thinking of surtax barriers when he made that statement.

Turning now to the government's proposal to help those companies and workers affected by the surtax, this poses a difficult assessment. The general guidelines proposed by the Minister of Industry, Trade and Commerce (Mr. Pepin) with respect to which companies will receive help seem vague and liable to extreme abuse. As the minister said in his speech, when the farmer was asked how he was doing he replied, "Who is asking?" This will be the case with the various firms which will be seeking help. So much is left to the discretion of the board, and ultimately to the cabinet, that no matter who receives grants there will be charges of favouritism and unevenness. Then, again, there is the question of how much this is going to cost. If the \$80 million are used up in the first two weeks the act is in force, it is obvious that further funds will have to be designated.

Will these grants be given to regions where unemployment is already high, thus aiding them, although the grants may well be going to companies that for various reasons would not be able to compete in the market? Will the grants be a sort of dole for inefficient companies to hide behind? What stimulus will there be for a company to go out and seek new markets? Then there is the definition that a company has to have 20 per cent

Employment Support Bill

exports. What if it has only 18 per cent or 15 per cent? Then, what about the stipulated year? Does it necessarily mean 1970 or 1969? The administration of the program seems to be left extremely open, heavily dependent on the judgment of those who will give out the money. It leaves much to be desired.

I suggest that the government take a look at one area where it could have a more effective plan. I suggest that the government could give a general export incentive, say a tax credit of 5 per cent, to any company that increases its export business throughout the world. Bolstering companies by helping them to surmount the 10 per cent surtax does not do what Mr. Nixon is trying to do, namely, improve his own domestic position. In the short run at least, I do not think we should be doing things that invite American retaliation without giving that country a reasonable chance to put its house in order.

• (8:50 p.m.)

Last year our percentage of trade with the United States increased as compared with the western world, and for the first seven months of this year Statistics Canada showed a marginal decrease in sales to western Europe and Japan. The change in the American surtax and monetary policy is not all bad for our exporters. It should increase our ability to penetrate western European markets and markets beyond continental North America.

Of course, the figure of 5 per cent as a tax credit is not one that has been worked out on any definite economic formula and I would willingly agree that it would require more definite finalization to ascertain what figure should be set to give realistic help to industry. Whether we like it or not, some industries will almost certainly be permanently affected by the American action. I think that the idea of an export tax credit would stimulate firms to seek new business in new areas and this, after all, is what we want. There is little to be gained by attempting to have firms hop over the American surtax wall in great numbers at this time.

Turning to one further point, the idea has been advanced that we could impose a tax on gas and oil exports to the United States. Why gas and oil should be singled out by the leader of the NDP seems obscure. If the idea is to conserve our natural resources, then it should be applied to all resource industries. In any case, it does not seem possible to indicate how the tax would work. Oil and gas is set in the world market in regard to price, and the Canadian content of the total American oil and gas is extremely small. The news that the South American countries are seeking to be exempted from the surtax would make it easy for the United States to replace Canadian gas and oil for the short duration with other sources. In the end the Canadian exporter would be paying the export tax, with all its attendant troubles.

The action of the United States government in imposing the surtax affecting mainly manufactured goods indicates the desire of that country to manufacture, as much as possible, the end products in their own country. It is the stated aim of Mr. Nixon to increase the productivity