• (4:10 p.m.)

[*English*]

Mr. Steven Otto (York East): Mr. Speaker, if the Parliamentary Secretary would stop writing for a moment he would hear me compliment him on the way he presented this bill. I have always been in favour of Parliamentary Secretaries playing a bigger role in the House, especially in the presentation of bills. In the present case, not having the apprehensions that the minister would have, the bill was presented in a much more rosy manner and in much happier vein than I imagine would have been the case had the minister presented it.

We have to go back in history to King Canute, who was alleged to have been brought to the ocean to command the waves to stop and the tide to roll back, or in similar vein to the Prime Minister (Mr. Trudeau), coming out of a cabinet meeting and going before the cameras to say that inflation shall cease, and so it did, to find a parallel to this bill that purports to solve our future ills in the field of imports and exports. With all respect to the Parliamentary Secretary, I say that this is a pathetic little bill. In view of what I am going to say, and in view of the vast problems that Canada will be facing in the 1970's I am going to leave it up to the House to decide just how influential this bill is going to be in protecting Canadian export trade.

The dangers posed to our trade are vast and are no longer a secret. Japan has entered into what is almost a holy war, and very successfully too. I am going to outline some of the pieces of legislation passed in Japan in the export field, and I am going to describe the Japanese export blitz and indicate to the House how successful it has been.

Germany is the second threat and is well established in the export game. We then have the United States in a defensive role. However, the three of them are going to place Canada in extreme jeopardy, and again I am going to leave it to the House to decide whether this bill will indeed meet the difficulties raised.

It is now no secret that Japan controls about 40 per cent of world exports, and this in the space of 25 years. This is no accident, Mr. Speaker. It has been done in this way. First, the export offensive has been personally commanded by Premier Sato; his portfolio is the export trade. He heads the supreme trade council where top business and government leaders quietly slice up the world market and set annual goals for the export of every major product to every country of the world.

I have had experience with Japanese exporters and I know hon. members will be amazed to know that as a result of the system, the very tight pyramid system in the economy of Japan, companies are given what is almost an exclusive franchise for their products for different parts of the world. These companies are expected to increase their exports by a certain percentage every year. If they do not, they lose their franchise. We, on the other hand, carefully protect our competitive position. We are very much aware of monopolies and cartels. It is presumed that in Japan monopolies are sponsored for the export market only, but this is not so. The Japanese industrial empire encourages cartels and large growth, as well as what is almost a monopolistic enterprise both internally and externally.

In view of this dedication and concerted effort of the Japanese government, headed by the Prime Minister of the country, in the field of exports, I do not think I need go further and outline how important exports are to Japan. In order to boost exports, the government backs corporations with an arsenal of assistance. For example, it offers credit at preferential rates.

We have credit in Canada, too. The hon. member for Regina East (Mr. Burton) asked the Parliamentary Secretary how many countries have been approved for credit and he had to reply that none had. When applications are made it is naturally to be expected that the buyers of our goods should be considered triple "A" credit risks. Yet our bankers wag their heads and say: "We are not sure that Company so and so in Argentina is as good as it is made out to be; let us have a financial statement, a guarantee or a bond from them". By this time, of course, there is not much left of that export market.

We export to countries with which we have established trade relations, such as the United States, the United Kingdom and certain countries in Europe. When it comes to expanding and encouraging trade in other countries, there is not a chance. On the other hand, the Japanese, in effect, buy discount paper 100 cents on the dollar and the government absorbs the risk of non-payment. This is the effect of their regulations and combines. Our businessmen have to go to the bank to borrow money to export and have to pass certain tests before the loan is granted. In order to get it insured, they have to convince the government that the buyer is a first class risk. However, by this time they have been beaten by the Japanese and the Germans who do not care who the buyer is so long as the goods are delivered. Then, the manufacturer gets his cash on the barrel head, the risk being absorbed by the government. I say that this bill is a pathetic attempt to match their legislation.

In addition to this, tax incentives are offered. Even overseas advertising campaigns that fail to meet projected sales targets are insured. In other words, the government of Japan not only sponsors companies and provides them with money to manufacture goods, but it pays for a large part of any advertising campaign and absorbs the losses, if any. If a certain company does not quite make it in another country, then the loss is made up by the government, not by the company. Contrast this with the position in Canada, where we say to our small businessmen: "Why don't you export to Colombia or to Argentina? We will give you all the services of our trade department."

There are two different branches in our external affairs department. One is on the political side and is headed by the Secretary of State for External Affairs (Mr. Sharp). We then have our trade branch. The head of a mission is always recruited from the political side, never from the trade side. So, naturally the ambitious and the keen young men move away from the trade side