

Employment Support Bill

owned companies. I suggest that is a fantastic piece of irony.

This legislation has been forced on the Canadian government as a result of action taken by the United States, yet most of the funds dispensed under the legislation will go to the same U.S.-owned firms that are now causing much of the problem. As the minister well knows, a very high percentage of the 70 per cent of exports that go to the United States is in respect of intracompany exports. Now we will have the subsidiaries of U.S. firms in Canada applying for grants to subsidize their own exports to their United States parents in the U.S. A tremendous deal! I suggest this bill will be contributing in some way to the perpetuation of the very problem that in part it was set up to solve, that is to say, it will further encourage the growth of foreign-owned firms in this country. I am not saying that there is an easy way out of this problem, but I am saying that by the monthly provision of information that lists the firms in receipt of funds we will know exactly what is going on. In the committee the minister refused this proposition, and I suspect he is going to refuse it again.

I now come to my third reason for saying that this clause is inadequate. It does not give us the amount of money that is being spent, which seems to me a relevant question. Although only \$80 million is being spent, how is it to be distributed? Are half a dozen firms in Canada to be given 80 per cent of that sum? Or is the money to be equitably distributed among many firms? Is it to be equitably distributed among the provinces or regions? I think it is very important to know how much money is to be given to these companies and on what basis.

My fourth criticism is that this final clause calls for no regular report on production and, above all, employment levels of the companies receiving the grants. In committee the minister made reference to the fact that he would expect some report on a sector of the economy in this respect. But that completely avoids, in a fundamental way, it seems to me, the question at hand, which is: If firm "X" is to be given a grant, the public has a very legitimate interest in knowing what are the production and employment levels of that firm—not of the whole industry—prior to and during the period of the grant.

At this point I should like to refer to the testimony given by the minister on this issue. This is to be found in Minutes of Proceedings No. 47 of the Standing Committee on Finance, Trade and Economic Affairs. When I pressed the minister about what I felt to be the real danger of this bill, namely, the discretionary authority being left so broad—I acknowledge the need for some discretionary authority if the board is to function effectively—I argued in addition that if the board is to function effectively in terms of employment levels, there should be an insistence in the regulations and in the bill upon the maintenance of what I proposed should be an 80 per cent employment level.

• (5:50 p.m.)

Let us consider an example such as I proposed in committee. A company which currently employs a thousand people may get a grant of \$2 million. However, it uses the money to renew its capital equipment rather than the number of employees, even at the 80 per cent level, and

decides to reduce the number by 50 per cent. It then lays off half its employees.

Mr. Pepin: Then it would not get the grant.

Mr. Broadbent: If I heard the minister correctly, he said it would not get the grant. This is a complete contradiction of what the minister said in committee, but I hope he is right. I hope the minister will get up and tell the House he has changed his mind.

Mr. Pepin: If the company does what the hon. member suggests, it will not get the grant unless there has been an agreement between the company and the board as to a specified level of employment. That is what I said in committee. The objective is really to maintain employment at the 100 per cent level.

Mr. Broadbent: If I heard the minister correctly, he has confirmed my point; he has said that the board has discretionary authority to make a grant on the conditional basis that the company maintains a certain level of employment. The point is that according to the act and regulations, we are not saying to the company that it can act only in a certain way. We are not saying to the board that it must insist that 80 per cent of the employees remain. Therefore, we reach the conclusion, which the minister admitted, that it is possible for the board to decide to give a grant even though half the employees are to be laid off.

Mr. Pepin: For good reason.

Mr. Broadbent: The minister nods his head. Apparently that is correct.

Mr. Pepin: I said, "For good reason."

Mr. Broadbent: I cannot hear the minister very well, but he can comment later. I should like him to elaborate when he replies. I think this is of fundamental importance and I cannot understand why this kind of leeway should be given the board. The history of this country is replete with examples of corporations getting money and using it for their own interests. In a commercially competitive economy, these companies are out to maximize their profits. We all understand that.

It seems to me to be highly irresponsible for this Parliament, which has an interest in the public good and in public spending, not to specify in this bill—the title of which is, in effect, an act to maintain levels of employment—certain restrictions of some sort on the discretionary authority of the board in order to ensure that the purpose of the bill is maintained. I am sure that when we receive the annual report, if we do not accept this amendment which would allow periodic statements, we will find all kinds of examples of companies which have renovated their capital equipment at public expense and have laid off a lot of people in the process.

Those are the four faults in clause 21 as I see it. There is provision for an annual statement instead of a periodic, monthly statement. It does not provide for a list of the names of companies receiving millions of dollars in public funds. It does not call for a statement of the amount of each individual grant and, most important of all, there is no insistence that we are to be publicly informed about