

Employment Support Bill

makes good sense. To satisfy ourselves on that point, let us take a look at some of the objections and the alternatives put forward in the course of this debate by the opposition.

Some members of the opposition say: "give Canadian companies greater incentives, compensate them for the surcharge by a general tax reduction in the corporate tax, in the sales tax or in the tax on building materials." Any such tax reduction would be much too general and not selective enough to deal effectively with the problems caused in Canada by the U.S. surcharge. In the event of any such general tax reduction, corporations not hit by the surtax would receive benefits and even among exporters hit by the surtax, the amount of the benefit would not be directly related to the loss caused by the surtax.

Other members of the opposition said: "let us impose an export tax on gas and oil going to the United States". The reasoning seems to be that ordinary Canadians are going to be hurt by the surtax imposed by the United States government, so let us retaliate by hurting ordinary Americans by imposing an export surtax on the gas and oil which we sell to them and which they must have. An export tax on gas, oil or other commodities exported from this country in unprocessed form may be a good idea, but the provincial governments may have some views on that. They are particularly interested in resources. In any event, how would that help us to solve our immediate problem? It will hurt American consumers, but how will it benefit Canadian manufacturers and their employees who will be hurt by the United States surcharge? For that, a fund such as is provided in this bill is required.

Other opposition critics say the situation is so grave that this legislation is an insult, the fund is far too small—what's \$80 million? I seem to recall that one politician got into a great deal of trouble by asking, "what's a million". Eighty million dollars is a very large amount, particularly when you remember that it is just for the last half of our present financial year.

The size of the fund must of course be related to the estimated amount of the surtax. The Minister of Finance (Mr. Benson) pointed out that on an annual basis probably about \$2.5 billion of Canadian exports would be involved. The maximum rate of the surtax would be 10 per cent, but the effective rate might be much lower on certain exports depending upon a number of factors, including the amount of U.S. content. If the average effective rate turned out to be about 5 per cent or 6 per cent, the total surtax would amount to about \$150 million a year or about \$75 million for a half year period.

Moreover, it is vital that exporting firms should have an incentive to increase efficiency, cut costs and minimize the impact of the surtax. To provide this incentive they should not expect to pass the entire amount of the surtax on to the government. They should have to bear a reasonable proportion and in his remarks, the Minister of Industry, Trade and Commerce (Mr. Pepin) indicated that this should be about one-third. The \$80 million fund is likely, therefore, to be adequate for the balance of the financial year.

Other opposition members are concerned about the wide discretion which the board administering the fund will have. I share this concern. It would be highly under-

sirable to establish anything in the nature of a permanent board which would have such a wide discretionary power to distribute public money to private corporations. This can only be justified upon the assumption that it will be needed only for a temporary period. Even then, the discretion given to the board by the regulations should be limited as much as possible, bearing in mind the necessity for assisting our exporters and their employees without violating our international agreements or inviting retaliatory action.

I hope that the general effect of the board's actions will be to protect Canadian exporters to the extent of two-thirds of the surtax which they are forced to pay, provided they maintain employment and comply with the other regulations established under the act and that exceptional cases will be kept to an absolute minimum.

There have been some critical comments about the representation on the board. Of course there should be labour representation on the board. The main purpose of the legislation is to protect jobs. I do not think that anyone from this side has suggested there will not be labour representation on the board. The Minister of Industry, Trade and Commerce naturally was concerned that there should be business representation on the board and so there should be. But we also have a very forceful Minister of Labour (Mr. Mackasey), and I hope that he will make certain that we have effective labour representation as well. I hope also that any representative of labour will be a very practical type, not a headquarters type, but an operational type preferably from an industry directly affected.

Speaking in the House, the Minister of Industry, Trade and Commerce said the regulations will provide that to be eligible for assistance, 20 per cent of the plant's production must have been exported to the United States. In view of the wide discretion given to the board, I see no reason for this restriction and I think it should be removed. I understand the purpose, namely to restrict assistance to firms which suffer a substantial impact as a result of the United States surcharge. However, I do not believe that the impact of the surcharge is necessarily in proportion to the percentage of exports. Many other factors might be relevant. There might very well be a number of small Canadian companies which might be exporting only 10 per cent or 15 per cent of their entire production to the United States. However, their margin of profit might be so small that the additional volume created by the relatively small United States exports is essential in order to carry on. This is the very type of firm that we should be trying to help. I think eligibility in this type of case should be left to the discretion of the board, rather than being fixed by regulation. The minister pointed out in his statement that originally it had been suggested the regulations might provide that a firm would not be eligible unless a stated number of employees might be laid off as a result of the surcharge, but it was felt that this provision might be too rigid and it was better to leave it to the discretion of the board. I agree and I think the same principle should apply to the 20 per cent provision as well.

The ministers who have spoken have emphasized that this bill does not represent long-term policy; it is a stop gap measure designed to meet a specific emergency. This is true, but I would like to stress the importance of the