

*Employment Support Bill*

In other words, no inroads of any significance have been made on poverty since the government took over. The *Gazette* is saying that the policies of the government were failing on a large scale long before the Nixon administration implemented the surtax and other related measures.

There has been a good deal of public disagreement in Canada as to how bad an effect the 10-per-cent American surcharge will have on Canadian exports to that country. It is obvious, however, that the effect is not going to be good, however wide or narrow the range of Canadian commodities affected.

● (3:40 p.m.)

The Trudeau government's plan to pump money into the industries that will be hit most severely by the surcharge can only be a short-term measure.

I go further than the *Gazette* and say that not only will it be a short-term measure but the \$80 million poured into the industrial might of this country will be just peanuts when it comes to solving the problem of keeping trade flowing between Canada and the United States.

In this context some of our public utilities are of importance. For example, if we can afford to spend \$700 million on building a new international airport and \$100 million on a bilingualism program to enable us better to understand our two languages, then surely at a time when the industrial might and the jobs of Canada are at stake this nation can afford to spend more than \$80 million, even if the approach adopted by the government is, in fact, a viable solution.

Let me come to grips with the basic premise of my argument: as far as I am concerned this whole plan is peanuts. I am sure that the prayers of the Minister of Industry, Trade and Commerce (Mr. Pepin) with regard to this \$80 million are not going to solve very much within the next three months. It seems to me that hon. members from Quebec and Ontario, particularly Ontario, in constituencies whose industries are so much at stake must be really concerned that this "big hearted" government is only prepared to pump \$80 million into this program. As I say, I regard it as peanuts as far as solving the problem at this time is concerned. Without trade, Canada will fade and jobs will fade.

Even before President Nixon's emergency measures of August 15 raised questions about the economic outlook, labour force surveys indicated that unemployment this winter would probably be just under 6 per cent on a seasonally adjusted basis. So, even aside from the surtax problem and the question of the current exchange rate, about which I shall have something to say in a moment, unemployment would have been serious. It has been estimated that 630,000 people are going to be out of work during the three worst winter months of this year, whereas last winter the average unemployment in the winter months was 664,000. In addition to this number of unemployed, this surcharge is going to be imposed on exports to the United States. This will make our products uncompetitive. We have already had competition from the industrial might of Japan, West Germany and other trading nations whose gross national product has grown much faster than ours. So I suggest it is well within the estimation, or within imagination if not within estima-

[Mr. Woolliams.]

tion, that this winter we could have one million unemployed. This is why I think we are now debating one of the most serious economic situations to face Canada since 1929.

The increase in employment from March to July this year was equal to 3.6 per cent at annual rates, which showed some improvement. But data show that much of the new work created was part time or temporary in nature, and that many jobs were in special student programs. Pausing there, I might say that this summer wherever one went throughout Canada one saw young people on the highways and in the cities crowded together. Some of these people had university degrees and had received special training, yet they had no jobs. Many of them have not been able to earn enough money to return to university. Things have not been as bad as this since 1929, the beginning of the world depression.

At this point economists are concentrating on the trend in manufacturing jobs, for these are the industries which could hire the skilled adult men laid off during a recession. Gains in manufacturing have been modest, though there were signs of improvement in July. It is against this rather pessimistic backdrop that the United States economic controls program is adding to the worries of the government.

**Mr. Noble:** They are not worried.

**Mr. Woolliams:** Then they should be. The surcharge hits manufacturing in two ways, as we heard from the Minister of Industry, Trade and Commerce. Companies in now buoyant industries will have trouble increasing their sales in the vital United States market, so they will delay hiring more workers. If necessary, of course, if there is sufficient fall-off in trade they will lay off numbers of workers, described by the Minister of Industry, Trade and Commerce as in the tens of thousands. Companies in other industries could lose sales if the surcharge continues for long, and may end up laying off workers and creating further structural unemployment.

I want now to discuss a matter that has not been discussed by the media as freely as it might have been. Surely, the surcharge of 10 per cent affects our ability to trade at peak levels. Not long ago the Canadian dollar was set free to float on the exchange market. As a result of unpegging the dollar, it has now reached almost par value with the United States dollar. In other words, about 8 per cent has been tagged on to the cost of Canadian exports. Some hon. members do not like to return to arguments of previous days, but let me remind them what happened when the former government under the right hon. member for Prince Albert (Mr. Diefenbaker) pegged the dollar. Liberal members in those days, some of whom are still in the House, wandered across the industrial parts of Ontario pointing out that the Canadian dollar was not worth anything. Yet as soon as the government opposite got into power it kept the dollar pegged for years until it was freed by the present Minister of Finance (Mr. Benson).

How is this going to affect industries not only in Ontario but throughout all Canada? For example, let me deal with a few particular industries. What is the effect