

Employment Support Bill

ditures for new equipment, you get a picture of a sick economy in the pulp and paper industry. The Minister of Finance recognized this in his budget speech of June 18 last and made certain concessions to this industry, including duty-free entry into Canada of sawmill and logging machinery, the removal of duty on fuel oil to pulp and paper producers and the removal of the 12 per cent sales tax on anti-pollution equipment.

However, certain other things need to be done. I think that on a long-term basis we should be working toward a removal of all tariff barriers between Canada and the United States in fine and specialty papers. The capital cost of equipment in this industry is so high that only through specialization and economies of scale can our Canadian producers compete in world markets.

I believe the government must have a definite plan for this industry which has been one of the largest earners of foreign exchange. We have many pulp and paper mills which were built many years ago and which over the years have become inefficient if we compare their production costs with the production costs of new mills. However, these plants support communities which often are solely dependent on them. I believe that before we provide additional free grants for new pulp and paper mills, as was done in the past year, we should consider the establishment of assistance to modernize and expand existing mills in the communities where we already have large social investments in homes, schools, hospitals and sewer and water systems. I have urged previously that the government's DREE program provide this assistance rather than grants to new pulp and paper industries so that this industry can rationalize and modernize itself.

Therefore, the bill we have before us really will not solve this problem. Mainly, it is a temporary measure but a very important one to save jobs and our trade with the United States. I trust the bill will receive speedy passage this week both in the House of Commons and in the Senate, that the employment support board will be established quickly and that this assistance to employment in the country will be available as soon as possible.

• (8:40 p.m.)

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in considering this bill we are in fact considering a major event. For Canada and Canadian industry it assumes great importance with respect to a problem that is world wide in nature. For the past 25 years the United States has carried the burden of world leadership.

Mr. Nixon's policies will undoubtedly have a very drastic effect on world trade patterns and international financial structures. They cannot help but produce great changes in such areas as foreign aid, defence and foreign investment both for the U.S. and Canada. Clearly, it is the most important event in an economic way since the Second World War, and almost certainly the United States will be adopting a very different approach to world affairs from that taken in recent years.

As I have said, the United States has carried the burden of world leadership in the past quarter of a century. I am sure that the average U.S. citizen would

not have considered it a very rewarding experience to have his aid taken and in return, in many cases, very little thanks given. There has been little gratitude for generous foreign aid programs. United States dollars, through the Marshall plan, went a good way toward financing the European and Asian recovery—Germany and Japan in particular—and as well the United States has supplied massive military protection for these areas. In return, American taxpayers have watched Germany and Japan grow enormously and competitively through the use of their dollars. They have watched the growth of the adverse United States balance of trade. The American dollar is under attack, and there is a growing national debt.

As well, at home in the United States there seems to be disillusionment with the war in Viet Nam. There has been marked unemployment and marked inflation. Whether these alone have provoked the social unrest or whether the relative affluence of the North American domestic economy is forcing changes in our social system, the end result is very obscure.

The North American social system seems to be turning to one of less productivity and to a change in the ideals of its people. The emerging drug culture, high welfare payments and other matters all indicate a change in the ideals and the thinking of many peoples, including our own. In any case, the American nation seems to have turned to a degree of isolationism because the Americans find themselves tired of being labelled imperialist aggressors and so will now concentrate more on their own domestic needs. This will pose a problem for Canadians, living in such close contact with their North American neighbours, and Canadians may have to face some harsh realities to which they have not been accustomed.

The most damaging event that could occur would be the development of a trade war between the three powerful trade blocs of the western world, between western Europe, the United States and the Japanese complex. With a tougher American market and a more aggressive European trading bloc which will be strengthened by the inclusion of Britain, this may place us in a very lonely trading climate. Indeed, this may well have started already in many fields.

In the matter of the grains industry of western Canada, which makes up the major food export of our country and which contributes up to 10 per cent of our foreign exports, we are in the position of having our wheat gradually pushed out of the western European and Japanese markets and must depend heavily on dealing with the state run economies of China and Russia. In such a situation these nations use wheat sales as a political instrument as well as an economic instrument.

Recognizing the new mood in Washington, it would seem that the United States will not make any major concessions to Ottawa unless there be a very far reaching understanding with the U.S. in such areas as gas and oil, a restricted automobile agreement, perhaps greater co-operation in defence and perhaps some understanding on a continental water policy. I doubt that Canadians are ready for this yet. Indeed, evidence given to the U.S. Congress by American experts would seem to indicate

[Mr. Foster.]