

### *Customs Tariff*

they want access to our iron and to our energy, then I think they should know that we in turn want access to their market, and not only for basic steel. We will have to export more and more to the United States as their industry dies. We want access to the United States for the value added products with no question of tariffs at all.

● (2142)

This would be a mutually advantageous deal to both nations. Their consumers would get the benefit of a better and cheaper product and we would get the benefit of the jobs and the maximum utilization of our resources. We would not bar them from access to the basic iron ore, and even energy if necessary, to maintain their declining steel industry—because they would have to maintain some in their own national interest. I am simply saying this is a classic example of how a government, without spending any money, does what comes naturally and makes a deal for everybody's benefit. The United States would benefit, we would benefit and certainly the tax collectors in both countries would benefit.

I could go on to talk about the petrochemical industry as another example of a priority item. Everybody must know, surely, that the cost of producing the basic feedstocks of the chemical industry in east Texas and Louisiana or in Sarnia are almost double what they are if the product is produced in Alberta, Saskatchewan or British Columbia. Under ordinary economic law, industry would go to those places that could produce at half the cost. But industry is not made up of angels following an economic textbook. They have certain interests to protect and so the petrochemical industry is not developed where it should be and at lowest cost to the consumer in the United States and in Canada.

The one man who has his eye on this particular argument and this technique—the growth rate exchange—is the Premier of Alberta. He tells the United States that our natural gas is a capital resource and that when it is gone it is finished, and if they want it they must remove their tariffs and let the natural economic laws prevail. In other words, in return for our natural gas they must remove taxes on their chemicals. We can produce a certain proportion of chemicals to the limit of natural economic growth in Alberta, British Columbia and Saskatchewan. This is the view of a man who is not only the premier of a province but one who recognizes the obsolete nature of this type of measure that we are passing through this House now. He is acting positively in the interests of the people who own those resources and at the same time he is providing a cheaper form of petrochemicals. So much of the things we use are in chemical form. The United States would benefit because of cheaper prices, and since they are running out of oil and gas it would be a good deal for both sides.

This is a classic example of where aggressive, intelligent leaders in our country see there is an alternative to sending your best hired man to these conferences to milk a dried out cow. This type of measure will not change anything. I suggest that there are positive alternatives to this obsolete tariff dance that we go through every ten years.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

If hon. members want other examples of ideas, let me take a second proposal. We must face the fact that we are and will continue to be one of the great trading nations of the world. This is natural in view of our resources and the working capacity of our people. Therefore, our interests have to be in the institutions of the world today.

I am suggesting an old idea that this government has resisted since the change of government in 1963 and is delaying now. I am talking about the oldest idea in the trade institution business—the concept of the international trading company. This is a concept that goes back 400 years in our history. This country was started with an international trading company—the Hudson's Bay Company. There was the British East India Company. The Dutch had them, the French had them, the Italians had them, the Portuguese had them and so had the Spaniards. Every nation that was going any place in the 17th century had an international trading company as a way of getting around trade difficulties.

If we look at the modern industrial state of Japan, tough and ruthless as they are, we must admire the way they set up these international trading companies. If you do not have something, they get it for you so they can sell you something. They will put up the money to develop your resources so they can get the resources. The weakness of the Japanese trading company, however, is that it thinks only of Japan. They would not be able to compete with the type of international trading company I am speaking of, an international trading company that has as its first motive helping the people they are trading with and not the reverse. The international trading company that I speak of has the idea of mutual benefit to both parties and sometimes three or four parties. That is the difference.

A while ago I mentioned that on my visit to the People's Republic of China in 1964 we discussed trade terms. How could this newly developing country get away from its tie-up with the U.S.S.R. and other communist states and trade with all nations of the world? They had the trading city of Canton to which they traditionally invite all their customers, but they had to put into the mix some form of international trading companies from outside to buy the goods the Chinese have available and distribute them all over the world.

Due to this principle of some companies going to China, buying their goods and distributing them around the world, the People's Republic of China has had enough money for the last 20 years to buy and pay for Canadian wheat. They buy our wheat on a time basis—six months. They have never missed a payment because, thanks to international trading companies and private trading companies, which I will mention later, Chinese goods have gone out over the world to the tune of \$7 or \$8 billion per year with the same amount of goods going back. That way they get enough dollars to pay for our wheat.

Today I read a letter from the Prime Minister (Mr. Trudeau) warning us that we are too dependent on the Chinese market. As a westerner, I say thank God the Chinese honour their agreement signed in 1961 and have never broken it. It was agreed that they would buy our wheat on credit when they had no money and that we would help them sell their goods if