

Mr. Langdon: Mr. Speaker, I have three sets of comments to make and questions to ask the Hon. Member. The Hon. Member was absolutely correct in identifying the Canadian Industrial Renewal Board and its work with the industry as being the crux of the issue. However, I think there is a question which must be posed first and that is why did it take from 1977 when shoe quotas were first imposed until 1982 for the CIRB to effectively begin to play a significant role in helping the industry to modernize? Why did it take so long for the previous Government to act? In fact, why did it take so long for previous Governments to act? The Right Hon. Secretary of State for External Affairs (Mr. Clark) led a Government during that period of time as well. Why did it take so long for it to be recognized that the future for workers in those industries required active, direct intervention by Government in close co-operation with the private sector?

Second, why was it that the quota system which was put into effect in 1981-82 was itself so faulty? The Canadian Import Tribunal Report is absolutely damning in its clear indication that the vast majority of benefits from that quota system did not go to the manufacturing companies that were expected to gain the benefit in order to invest and produce more and to recover and become a key part of Canada's industrial structure. Why is it that when the Canada Import Tribunal did an analysis, it found that something like 20 per cent at maximum of the benefit of those quotas actually went to the manufacturing companies with the great bulk of the rest of the benefit going to the retailers and the importers? Surely that was not what we wanted.

Finally, why was it that the lessons of worker adjustment experiences of which the Member has spoken so eloquently today as they affected the footwear industry were not creatively applied across the country? For instance, why was ILAP, the program of industrial labour adjustment benefits for older workers of my community, eliminated as of March 1984? Why was there no establishment of a comprehensive system of industrial adjustment assistance for older workers which would cover everyone affected by job loss in major industries throughout the country? Why did that not become a centre-piece of the attempt to make our industrial economy a more efficient, effective and humane part of Canadian society?

Mr. Axworthy: Mr. Speaker, I appreciate the Hon. Member's questions. I believe they are proper and I welcome the chance to respond to them because I think it is useful to look at the answers to those questions.

Let me deal first with the question regarding the application of an industrial adjustment program in 1982 as opposed to immediately in 1977. In 1977, when the quotas were brought in for reasons about which we all know, the assumption was that the industry itself would undertake its own modernization. That was the premise upon which the initial quotas were established. As it was discovered in the practice of that particular exercise, many of the industries did not have the capital base upon which they could get the kind of assistance they needed. They did not have the equity leverage and in many cases did not have the planning capacity. Many of these

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were small firms which existed in a fairly limited industrial system. They did not have the capacity to anticipate or deal with modernization.

When the quotas were re-examined in 1980, it became clear that Government would have to play a stronger role. We spent several months, as I know because I was involved in the negotiations, with both industrial and labour representatives to come up with what was considered to be the most effective kind of a system. It was out of that that the Canadian Industrial Renewal Board was born. It was brought into effect by 1981, members were appointed to the board and Mr. Desmarais was made the chairman.

The idea at the time, as the Hon. Member probably knows, was that we were trying two different models at the same time, the Industrial Renewal Board and ILAP. One was a community-based initiative that was Government directed and the other, through CIRB, was more private-sector directed. We learned from the experiences of 1977 and on that we could not rely upon the self-renewal of the industry but that we had to give it a helping hand from a new kind of agency. That was the reason for the change-over. I think we can still learn from the model of CIRB. Had we been re-elected, there were things about it that we would have improved upon substantially as well.

Regarding the question of the impact of the quotas themselves, I agree fully with the Hon. Member's assessment. They were not nearly as effective as they could have been. My own judgment at the time was and still is that part of our problem is the fragmentation in the administration of trade policy. Regulatory agencies are responsible to one Minister, National Revenue implements the customs duties and the Department of Finance has its own form of macabre intervention in these matters. Now the Minister for International Trade (Mr. Kelleher) reports to yet another Minister. I think there is a problem in implementation with having a Department like National Revenue which has a somewhat different orientation than a Department which would try to use import-export policy as part of a larger industrial package. The Department of National Revenue sees it as more of a revenue-gaining exercise and does not apply it very effectively.

A very important study which the Hon. Member may have read was done by the Institute for Research and Public Policy. That study examined that problem and pointed in particular to the solution to the problem of import quotas being a more coherent administration of the entire program.

The third question was why we did not build upon the ILAP experience. Under the reorganization of the Department of Industrial Economic Expansion, the Government brought in the IRDP program and the IRDA Program, programs which had very different funding bases and provided the industrial grant-loan system that could be used for ILAP. Because they were much more varied and richer than ILAP, they were seen as a replacement for it. The labour-adjustment side was maintained but the instructions to the Departments involved were that where there was a case of major adjustment required, they would combine the programs under the IRDP program