

facilitate the expansion and modernization and pollution abatement within these industries.

Let us look at fact five, the United States devaluation measures taken two weeks ago. The full impact of this move is not yet apparent and probably will not be so for some weeks or months, maybe even longer. But this step constitutes one of the most significant post-war economic developments affecting the trading world. It has to be seen against the background of an even more serious United States balance of payment problem than that which existed at the time of the measures taken in August, 1971. It has to be seen in the light of the forthcoming GATT negotiations, the multilateral negotiations among the trading nations of the world. It has to be seen in the context of our negotiations to gain wider access for our products in the markets of Europe, Japan, the United States and the other trading nations of the world while at the same time being prepared to give up advantages with respect to certain exports to the Canadian market.

Fact six is that account must now be taken of Britain's entry into the European Common Market, an event which gives rise to a new uncertainty among Canadian manufacturers and exporters. The British market has traditionally been our largest in Europe. The potential of the Common Market as far as Canadian exporters are concerned is considerable; that market has been expanding at a significantly greater rate than the United Kingdom market. Nevertheless, the situation at present is one of additional uncertainty for Canadian manufacturers.

Fact seven is the emergence of the Pacific rim countries and, in particular, the importance of the Japanese market to Canadian producers. In my view we are entering a crucial period for Canada as a trading nation, a time in which to make special efforts to develop foreign markets for our manufactured goods.

Mr. Gillies: How does the budget help to do that?

Mr. Gillespie: Mr. Speaker, may I suggest, through you, to hon. members opposite that if they have questions to ask me at the end of my speech, I shall be pleased to try to answer them. This is no time for a passive attitude toward our manufacturing industries. If we adopt such an attitude we shall fail Canadians now and we shall fail future generations from the point of view of seeking the great opportunities which can be ours.

Mr. Gillies: Platitudes.

Mr. Gillespie: Some people, you know, are concerned about this. I think there are some on the other side of the House who are concerned about it. But not all of them, judging by the kind of interruptions which we have heard this afternoon.

Mr. Stanfield: We have heard these platitudes too often from you fellows.

Mr. Gillespie: The Canadian Labour Congress is concerned about the Burke-Hartke bill and the protectionist attitude in the United States. The Canadian manufacturing industry is also concerned about that kind of sentiment developing. I think the provinces are concerned.

The Budget—Mr. Gillespie

Certainly we are concerned, and I should like to think that all hon. members opposite are concerned.

Mr. Stanfield: We are concerned, with a minister like you reporting for them.

Mr. Gillespie: Mr. Speaker, I am giving hon. members the background, explaining why I think the manufacturing industry is so important at this time. I should like to make a comparison between the rates of corporate taxation in Canada and in several of the countries with which we compete. The rate of corporate tax in the United States is 48 per cent; in Japan it is 35 per cent; in the United Kingdom it is 40 per cent. We hope to make it 40 per cent, Mr. Speaker—

An hon. Member: Have you discussed this with Stanley?

Mr. Gillespie: —and 20 per cent on the first \$50,000 of taxable income earned by private Canadian-controlled corporations. If we are to be competitive in world trade, our tax rates must be competitive too.

Let me say this with respect to the employment situation. In the last five years, employment in the manufacturing industry has risen by approximately 100,000. There are presently about two million Canadians directly employed in the manufacturing industry. The output of Canadian manufacturing industry in the last five years has increased by 25 per cent, that is, an increase of 25 per cent in physical volume, amounting to a substantial increase in the productivity of the industry in terms of the number of people employed. Employment in the service sector, which is directly related to the manufacturing sector, has increased by 15 per cent. The point is that the growth of Canadian jobs is inextricably hitched to the growth of development of manufacturing industry.

Mr. Speaker, let me briefly review the recent trade performance. That performance has been excellent. In many ways it has been exceptional. Export sales were up 12 per cent last year, roughly double the rate of increase in the previous year, and there is every indication that they will be moving ahead at a rate even greater than last year. There were significant increases in exports to the Japanese market as well as the United States market. However, no significant increase was recorded in exports to the European market. This is why I say we cannot afford complacency. It is a time to assist manufacturing industry to be fully competitive in the coming decade, fully prepared to meet the tests of the new set of circumstances to be negotiated under the GATT agreements.

Let me mention very briefly various aspects of the support which the department is giving to manufacturing industry. The record is clear as to the success of a number of programs we have initiated to promote export market development. By way of example I would refer to the importance of trade fairs and especially to the Peking trade fair. A number of Canadian manufacturers went to China to meet some of their opposite numbers and it was announced a few days ago by Orenda Engines that they had obtained a substantial contract there for industrial turbines. There are many who say that the Chinese market is not a big one for Canada, but here is a tangible example of a deal that was negotiated very quickly.