

Income Tax

throughout the country; it affects the insurance industry; it affects all the merchants who sell to those who work directly or indirectly in the automotive field, and, thus, all those who produce various consumer goods. I realize I am saying something which is possibly well understood at an unconscious level in Canada. However, it is not well known in terms of statistical awareness.

The major industry in both Canada and the United States in terms of its impact upon the economy is the automotive industry, and it is crucial in the short run if the government is to improve the general economy that it should deal with the growing crisis in the automotive industry. The benefits which would follow would not be confined to that industry alone. They would not be confined to Oakville, Windsor, Brampton and Oshawa. They would extend to Canadians from coast to coast.

The Minister of Industry, Trade and Commerce has a clear course before him. He should bring the heads of the industry to Ottawa for a tough and serious talk. He should tell them they are now ten years late in terms of removing the price differential from cars produced in Canada and sold in the United States and in Canada. He should tell the companies he expects them to bring down their prices in this country to the level of prices in the United States, within 48 hours.

If the minister gets such an assurance, and he should insist on it, the federal government should then remove the 12 per cent sales tax. The collective effect would be to bring down the price of the average car in Canada by some 19 per cent. I have a few examples of what this would mean to prices of a number of cars currently being produced. A Chrysler Cordoba 2-door hardtop, with no accessories, would go down in price by some \$868. One Ford model would be reduced by \$721; two other Ford models would be reduced—one by \$676 and another by \$603, when purchased in this country.

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The kinds of price reductions I am talking about are major reductions, and increased sales which would result from lower prices would be substantial. Lower prices would be a tremendous incentive for people in Canada to purchase cars produced in Canada.

In passing let me comment on an answer the Minister of Industry, Trade and Commerce gave to me today. Replying to my question he said that we must wait for the American economy to improve as 80 per cent of our cars are exported to the United States. That answer begs the question. I suggest that 80 per cent of our production is exported to the United States precisely because we overcharge Canadian consumers. If the price were to come down on our side of the border, I suggest that within two or three years 50 per cent of Canadian production might be purchased by people in Canada. So long as cars made in this country are overpriced, it makes good economic sense for Canadians to buy Toyotas, Volkswagens, Datsuns, Renaults or other cars produced in other countries.

If the minister wants Canadians to buy more Canadian made cars, he must get tough with the automotive industry and make sure it lives up to the commitment it made in 1965, namely, that there would be price parity on both sides of the border. If he gets tough with it, not only will

[Mr. Broadbent.]

justice be done for the Canadian consumer of automobiles but we shall provide thousands of additional jobs for men and women who work in the automotive industry.

In addition, the minister must take important steps to change the composition of what is actually produced by our automotive companies. In the years ahead we shall use fewer automobiles in Canada and the United States. That makes sense. In major urban areas particularly we shall develop more rapid transit systems, which also makes good social sense if our cities are to develop sensibly. We should begin insisting on certain structural steps to be taken within the automotive industry, as we begin to prepare for the coming transition in urban life in Canada.

There is every reason why General Motors, Ford and Chrysler should logically become the producers of urban transit vehicles which will be needed in our cities in future. Now is the time, while the industry is experiencing an internal crisis, for it to begin the structural change which will lead to continuing employment in that sector. That change will mean a marginal shift away from the exclusive production of automobiles to the production of all kinds of public transport vehicles. This, again, makes good economic and social sense. In addition to dealing with the short run economic proposals which I outlined, the government should move quickly if it wants to improve both the automotive economy and our economy in general, and bring about the sort of structural changes in the industry to which I have referred.

My fourth proposal is that the government should do something in a significant and not in a piddling way about housing. Four days before the last election the Prime Minister (Mr. Trudeau), speaking in Vancouver, described our housing situation as being a national crisis. About three weeks into the first session of the new parliament he said, in reply to a question of mine, that he had four years to deal with the crisis. So far the record of the government in matters of housing has been nothing short of deplorable. Fewer housing units were constructed in 1974 than in any of the preceding four years. Actually production of new housing last month was down 49 per cent from the level of January, 1974. If there is a crisis in the automotive industry it is equally certain that there is a grave crisis in our housing industry. We need a commitment by the government that it will infuse enough capital into the economy to allow for the building of 400,000 new housing units each year.

We need 400,000 new units, instead of the 200,000, which the present minister sees as an outside goal. If we built 400,000 new homes, we could meet real housing needs in Canada—these needs are by no means centered exclusively in our urban areas—and, second, we could thereby provide countless thousands of jobs.

Finally, it is the firm belief of the NDP that the crucial problem in our economy is that of unemployment; but we do not, at the same time, suggest that nothing should be done about inflation. Let me make what I describe as two matched proposals in this area.

First, the government should take steps to see that our pensioners have adequate pensions. That means it should increase the basic old age security pension and the Canada Pension Plan Superannuation. It also means that such pensions should escalate regularly, to take into account