

ing with the budgetary provisions first introduced in 1972. The minister has suggested that the one we are now considering is the last one. I hope he will not emulate his colleague, the Minister of Manpower and Immigration (Mr. Andras), by bringing in emergency legislation and then going down on his hands and knees praying for it to be passed in less than one day.

In dealing with these customs tariff changes let me say quite frankly that they are the least justifiable part of the budget. The minister was at pains last Friday afternoon to indicate that the thrust of his budget was to provide continued stimulation for economic growth. At the same time, the budget will seek to mitigate the inflationary pressures that are squeezing family budgets. Therefore we have before us a proposal to reduce the tariff on certain ranges of manufactured goods and on fruits, vegetables and meats. In some cases the tariff will be removed.

When we were looking at the sales tax on Friday the minister, in reply to questions from the opposition, indicated that it was difficult to determine whether cuts in sales tax are being passed on to the consumer. I suggest that it will be more difficult, in fact, practically impossible, to determine whether the tariff cuts—which the minister says are to be 5 per cent, but which I say apply not to 5 per cent of the retail price but to 5 per cent of the Customs tariff applicable—will be effective. The cuts will be miniscule in many instances and impossible to monitor. The effect will be something less than the minister wants to see achieved. Some of my colleagues will speak about the psychological effect of these cuts, an effect that has to do with the timing and nature of the cuts, with their being made without consultation and introduced on the eve of negotiations that will be on a wider basis.

The minister suggests that that argument can be countered by the fact that these cuts are for one year only and can be reimposed or restored, if not to their former level at least to an intermediate level, and that therefore they will not hinder our negotiations with regard to tariff cuts if those negotiations ever come about. I am not so hopeful as the minister in that connection. If we are prepared to come down to a certain level subject to returning to an upper level, our trading partners will know about it and may try to drive us to an even lower level. Therefore, such action will affect negotiations. I will simply leave it at that.

I find it somewhat difficult to follow the whole philosophy behind this matter. Perhaps some day the minister's officials who are particularly concerned about this will explain to me their thinking. I want to see what made the wheels turn around, so to speak, in this particular way because I am far from convinced that this was the better option open to the government. I cannot see that reductions in tariffs of this kind will do anything to stimulate the Canadian economy. A good number of my colleagues and many industries will report to the minister on the effect of the cuts, even though they may be limited to one year. If conditions are not better in one year, the minister would be hard put—if he is still minister—to bring the tariffs up again to the levels that existed prior to the February cuts. After all, if this action will have failed to stimulate the economy, he will not further change tariff levels. To do so would be to admit that what was proposed in February, 1973, was another of the aborted moves of the

### Customs Tariff (No. 2)

government to try to stimulate the economy. That was something I just could not buy. At page 5606 of *Hansard* for July 13, the minister said:

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—but also by the effect it will have in pressing many Canadian producers to moderate their own prices in order to remain competitive.

This is not only Canadian manufacturers but producers. I invite the minister and his officials to listen to my colleagues when they talk about upward pressures on costs of Canadian agricultural producers who are being told by the minister they will have to moderate their own prices in order to remain competitive. I invite those people who have something to say about fruit and vegetables and the horticultural industry to participate in this debate. It is not enough to say these Canadian producers will have to moderate their own prices in order to remain competitive. We will see what that does to stimulate the Canadian economy.

The next point we must stress is that these tariff cuts are temporary. The general public is not aware of this. Clause 2 of the bill modifies all the schedules in the Customs Tariff Act. Clause 3(2) provides:

Section 2 shall expire on the 19th day of February, 1974, and all rates of Customs duty reduced by section 2 shall be deemed to be restored on the expiration thereof to the rates that were in effect immediately prior to the 20th day of February 1973—

This is a one year, a one-shot affair. I do not know what the Canadian public thinks of this. Is this a midsummer stock reduction sale to clear out old goods? Once the period of the sale is over, will prices go back to their former level? Tariff rates will certainly go back to their former level. Frankly, I very much doubt that this policy of the budget will make an equal contribution to the twofold thrust of the budget as a whole. I do not think there is that potential in this move by the very nature of the Customs tariff as to how it affects Canadian industry and producers, certainly as to how any Customs reduction is passed on to the Canadian consumer.

The minister did say, and we must be very much aware of this, that Canadian producers need not fear too much. By reason of the effective devaluation of the Canadian dollar, or the upward revaluation of foreign currency, provided the commodities come from offshore North America and not from the United States the reductions will be negated by the upward revaluation of foreign currency. Therefore, there will not be a reduction in the price to the Canadian consumer. What is the value to the Canadian consumer? There will not be a price reduction; there might be the elimination of a price increase on imports but the Canadian producer will not gain thereby.

I find it rather strange for the government in its economic policy to rely on fortuitous events over which it does not have one iota of control, namely, the difficulties the United States dollar is facing in the world exchange market. We cannot do much to control that, but the government seems to be relying on it as justification for one part of the economic thrust of its budget. That is an awfully shaky base. I would like to see something much more solid behind any budgetary move the government makes. One could discuss a number of good features but we will deal with these in the schedules, the examination