

The Budget—Mr. Benson

the present inflationary situation. We have in mind not only spending on durable goods but also on other goods and on services such as travel. In recent years the rate of increase of consumer expenditure has been stimulated and supported by substantial, though somewhat uneven, increases in consumer credit outstanding. I can well understand the smile of the Leader of the Opposition (Mr. Stanfield) who was threatened by a bomb yesterday, and he may not want to travel any more.

Mr. Speaker, the increase in consumer credit was particularly rapid in the first half of last year. It slowed down after mid-year because of the levelling out of unsecured personal loans by the banks, but the latest figures indicate that growth in consumer credit has been resumed. It now seems probable that the expansion of consumer spending this year will be reinforced by a large increase of credit unless some action is taken to check it. We believe that selective action along the lines proposed would be better than more general measures that would interfere with the flow of funds required for housing and for industrial and urban development in our country.

We do not intend to restrict loans for business purposes, including farming, or loans for the acquisition, construction or improvement of houses. Student loans for education would, of course, also be exempt.

It is difficult to forecast the quantitative effect on consumer expenditure of requiring specified down payments and limiting the period of repayment. We are planning to require down payments of 20 per cent where credit is extended for more than a year and to require repayment within 30 months for automobiles and 24 months for other purchases. We think these terms will have only a very moderate impact on the purchases of new cars which are already temporarily low just now. We think it will bear directly somewhat more heavily on other purchases particularly of durable goods and holiday trips. The reduction in spending will probably affect indirectly a wide variety of goods and services, as many consumers can be expected to divert their spending from less desired things in order to make the down payments on what they want most, and to pay off their credit more rapidly than they otherwise would. In all, we think that the total of consumer expenditures might be reduced by \$300 million or \$400 million a year, which is less than one per cent of the total of consumer purchases.

[Mr. Benson.]

In order that the legislation and regulations can properly take into account the variety of institutions and practices involved in extending credit to consumers, I intend to have my department consult with representatives of those who provide credit or sell on credit. I would expect the government to be in a position to introduce the legislation in about six or eight weeks.

I am not proposing any legislation on taxes or tariffs at this time. We will need to keep a close and continuing watch on the condition of the economy and particularly the success achieved in checking the rate of increase in prices and wages. Possibly legislation will be needed in the autumn. Meanwhile, I do not anticipate any lack of interest in any parliamentary discussion of the subject of taxation.

In regard to tariffs, I should say that since the last Budget I have received a number of requests for amendments to the Customs Tariff, some for increases and some for decreases. I have decided that I would not introduce any changes at this time. This will mean postponing any action on two reports in which the Tariff Board recommended higher duties—in one case on live turkeys, in another on polyethylene.

Some hon. Members: Oh, oh!

Mr. Paproski: How long?

An hon. Member: This budget is a real turkey.

Mr. Benson: I consider that this is not an appropriate time to propose even modest increases in protective tariffs in Canada. I will be prepared to take decisions on these reports at a later date.

Some hon. Members: Hear, hear!

Mr. Benson: I wish to make an important announcement concerning air and water pollution. We have permitted accelerated capital allowances under the Income Tax Act to encourage and assist industry to invest in structures or equipment for the primary purpose of preventing or reducing the pollution of Canadian waters. This section of the regulations expires December 31, 1970. We are now proposing to revise and extend it for another three years. Before it is necessary to extend it beyond 1973, I expect it will be reconsidered in the light of more general policies and programs in respect of pollution.

We have also decided in principle that we should grant a similar special allowance in