

*The Budget—Mr. C. H. Thomas*

both Canada and the United States stricter safety and pollution control devices. However, I expect the car manufacturers to narrow substantially the gap between Canadian and U.S. prices for the coming model year.

Why, you may ask, is the automotive industry singled out in this way? Why should it be expected to continue to move its prices closer to the U.S. level? First, this industry has been given privileges by the automotive agreement which are unique in Canada. The corporations can rationalize their production for the total North American market, with all the economies of efficiency and scale which that involves. Moreover, they continue to be protected in this country from overseas competition by what is now a 15 per cent tariff on most vehicles imported from third countries. The comparable tariff in the United States is only 3 per cent.

It would be intolerable if an industry which has been given the opportunity to arrange its production and distribution on a continental basis were to try to shelter behind this tariff. The government is, consequently, determined that this shall not happen and expects that the progress in reducing price differentials must resume and continue and that the advantages brought to the industry by the new budget measures and by the automotive agreement shall thus be shared equitably with the Canadian consumer.

**Mr. Broadbent:** Mr. Speaker, I rise on a point of order. I tried to get the minister's eye before he sat down. Would he answer a question on one matter, for clarification, before he finishes his speech?

**The Acting Speaker (Mr. Laniel):** Order, please. I point out to the hon. member that this is not a point of order. I must also point out to him that the time allotted to the minister has expired, and the hon. member's question could be put only by unanimous consent.

**Mr. Broadbent:** Agreed.

**The Acting Speaker (Mr. Laniel):** Is there unanimous consent to allow the hon. member for Oshawa-Whitby (Mr. Broadbent) to ask a question of the minister, provided the minister is ready to accept it?

**Some hon. Members:** Agreed.

**Mr. Broadbent:** A central part of the minister's reasoning as to why prices have not narrowed as substantially as they might have was the changing value of the Canadian dollar, which he said had a significant impact. If I followed the minister correctly, he seemed to suggest that, without explaining why, it should affect the price of cars. I wonder if he would take a minute to explain why this should be so.

• (2030)

**Mr. Pepin:** Mr. Speaker, there are many reasons for this. One is, obviously, that the companies have to meet competition in the United States at whatever price prevails there. The other is that some of them would tend to export more than they import, and consequently the disadvantages of revaluation would be greater. The case I was trying to make was that the price to the Canadian pur-

chaser of an automobile, in Canadian dollars, at the manufacturer's level, has been substantially reduced since 1965 in comparison to what has happened in the U.S. I was trying to make the case, also, that the budget presented by the Minister of Finance brings in an important new element and we are expecting, indeed we are insisting, that this new element should be visible in the reduction of prices in the future.

**Some hon. Members:** Hear, hear!

**Mr. Saltsman:** Mr. Speaker, I wonder whether, with the approval of the House and the minister's willingness, I might ask—

**The Acting Speaker (Mr. Laniel):** Order, please. Is the hon. member for Waterloo (Mr. Saltsman) rising on a point of order, or for the purpose of asking a question? The previous hon. member was permitted a question by unanimous consent. I think the Chair should again ask if there is unanimous consent, otherwise the question cannot be asked. Does the House agree to allow the hon. member for Waterloo to ask a question of the minister?

**Some hon. Members:** Agreed.

**Mr. Saltsman:** Thank you, Mr. Speaker. This is a direct question.

**Mr. Francis:** One speech is enough.

**Mr. Saltsman:** The report in the *Globe and Mail* of Tuesday of this week quotes the minister as saying:

One of the reasons for the difference in price was the need for car firms to make a higher profit in Canada or there would be nothing to induce them to move out of the United States.

Is the minister still of the opinion that this is a valid position, and how can he reconcile that—

**Mr. Pepin:** Mr. Speaker, I very sincerely do not recall having said that. If it can be proved that I said it, I will try to explain what I meant.

**Mr. Charles H. Thomas (Moncton):** At first glance, Mr. Speaker, the Minister of Finance (Mr. Turner) appears to be embarking on a new economic course, a course in line with his public statement that jobs are his first priority. He would appear to have succumbed to the pleas of the opposition over the last four years that unemployment is the number one problem in this country and that significant corrective action must be taken at once.

The adjustment of the old age pension and the guaranteed income supplement, the application of the escalation of veterans pensions and the increase in the basic exemption for people over 65 will put an extra \$350 million—this is the minister's estimate—into the hands of some two million people, to spend as they please. While this is inadequate, as my colleague the hon. member for Edmonton West (Mr. Lambert) has pointed out, it will provide some immediate stimulus to the economy.

The proposals to cut corporate income tax, while a step in the right direction, will bring no immediate stimulus to the economy. After all, they do not become effective until January 1, 1973. Even if they were to take effect immediately, I question whether the \$500 million involved could