

In this instance, I should like to speak on behalf of one small manufacturer in my constituency. In Lac LaHache we have a small industry engaged in the manufacture of saddle pads. They cannot afford to bring the raw material into this country for manufacture into saddle pads because of the 27½ per cent tariff under tariff item 56805-1. To meet the competition of imported saddle pads they have to have the fabric cut into the shape of saddle pads in the United States so that it can be imported at a 20 per cent tariff under tariff item 61200-1. As a result jobs have been lost to the United States at the expense of a small Canadian community that is hard pressed for jobs as it is.

If the tariff on this particular item can be lowered considerably then this manufacturer of saddle pads can anticipate the needs of the domestic market and as a result plan ahead and increase production, thus creating more jobs and contributing to the economy of this country. Therefore, I urge the government to look into this particular situation and agree to amendments that will reflect its interest in this and other areas worthy of consideration.

**Hon. George Hees (Prince Edward-Hastings):** Mr. Speaker, when speaking on this bill on Friday last the Minister of Finance (Mr. Turner) gave as justification for lowering tariffs in his budget on May 19 the opinion that this move would do two things. First of all, it would help lower the steadily rising cost of living; secondly, it would cause farmers to lower the price of their products in order to become more competitive with other countries. It has become painfully obvious that lowering these tariffs has had no effect on the skyrocketing cost of living, which has continued to rise at a steadily accelerating rate. Today, as we know only too well, it is more than 8 per cent higher than it was a year ago and it is going up each month at a steadily increasing rate.

Let us look at the two reasons the minister gave for lowering these tariffs. Firstly, that this move would make our farmers lower their prices and become more competitive against products from foreign countries. Such goods in future will enter Canada more easily because of these lower tariffs. Let me tell the minister that the agricultural industry of Canada is probably one of the most competitive in our economy. Competition within the industry for the consumer's dollar is very fierce indeed. Farmers do not charge more than a fair price, made up of their cost of production plus a reasonable profit.

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Some people, like the members of this government, forget that the steadily rising cost of living, which this government steadfastly refuses to check with effective steps, means that farmers and other producers must pay more and more for the materials they use in producing their products. It means also that they must pay more for the labour required to turn out their products. Many farmers cannot obtain labour, even though they pay a very fair wage. In my constituency, Prince Edward-Hastings, last fall many apples were left on the trees; they could not be harvested because labour was unobtainable, even though there were people in my neighbourhood who were out of work. Increases in farm prices have been the result of those things I have mentioned; prices have not

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increased because farmers, have been charging unjustified prices to the people who consume their products.

If I may mention something else that is important, the government erred in reducing tariffs without obtaining compensating benefits in return for the reduction of those tariffs. When the government goes to the meeting on the General Agreement on Tariffs and Trade next fall, it will find that it will have to make concessions for every tariff benefit it will try to obtain for this country. Our government gave away concessions to other countries and received nothing in return. It will have to start at the GATT tariff negotiations from scratch.

Just how stupid and gullible can a government be in this regard? Obviously the minister and his advisers think they can go to the GATT negotiations next fall and say to those from whom they will try to obtain tariff reductions, "Oh, but we lowered our tariffs last fall, and you must take that into account and give us credit for those tariff reductions." Let me tell the minister that the people with whom his officials will deal are very tough indeed. They will laugh at the Canadian delegates and say, "Buster, we are starting from scratch. We take it from the way it is today." The minister will find that he has given away a great deal in the way of tariff reductions without having received any compensating return, and we will need to start from scratch. That will cost Canadian producers for whom the government will negotiate at the GATT conference a great deal in the extra concessions they will have to give in return for whatever they receive.

In conclusion, I say that the government was wrong in introducing its tariff reductions six months ago in the budget of February 19. Reducing tariffs, particularly on agricultural products, has failed to make any impression on the steadily rising cost of living; living costs continue to go up steadily month after month. For the reasons given, I am convinced that the tariff reductions announced in the budget of February 19 ought to be cancelled forthwith. The government should admit it has made a mistake and stop this unjustified pressure on our farmers. It should go to the GATT negotiations and see if it can obtain concessions for industry and other people in a more sensible and practical manner. Let it obtain concessions that will benefit the entire Canadian economy.

**Mr. P. B. Rynard (Simcoe North):** Mr. Speaker, I have been very interested in the good speeches made on Bill C-195. In his budget speech the minister said that the budget was an attempt to provide some stimulus to the economy; apparently he wants economic growth. Who doesn't? Also the budget is designed to fight any possible inflation that might result from such stimulus.

This bill, it is said, is designed to lower the price of food. The minister is going to do all this, even though this country is being buffered by a disorganized world monetary system. As the American dollar moves up and down from day to day, Canadians everywhere are involved in monetary peril. It involves all of us, no matter where we trade in this world, as in effect the American dollar is closely tied to ours and affects the value of our currency.

Many of our exports are those of primary industries. I am referring to agriculture and forestry. Conditions within these industries are influenced greatly by condi-