

dor in Washington. I do not know who supports him on that side of the House—

**Mr. Clark:** It is pretty lonely over there.

**Mr. Broadbent:** —but if he has their support, they are the only Canadians that are on his side. He told us a few days ago—in fact, a few weeks ago—that he will be announcing soon some commitment by one or more companies.

Could he tell us specifically, considering the last time we got new investment proportionate to our share on this side of the border was in 1965, when we got written commitments from the three companies, that what he will produce for the House will be the written commitments for the next three years by the leading companies, to make sure we get the compensation and investment that will produce the jobs we are entitled to?

**Mr. Horner:** Mr. Speaker, in attempting to negotiate with the automotive companies the building of parts plants in Canada, we run into—as the House is aware—a great deal of competition from some of the southern states where there is a difference in wage rates of perhaps \$1, \$2 or \$3 an hour from wages in Canada. If one took a look at a plant employing something like 3,000 people, by calculating wage rates at over \$1 an hour less it would come to, relatively speaking, in the neighbourhood of \$12 million a year difference.

That is a real bargaining power through which the companies are trying to negotiate assistance from all levels of government to counteract the advantages in locating their plants in the United States, particularly in some of the southern states. These are the conditions under which we are attempting to negotiate. When I make the announcement, I hope to have written confirmation of plants to be built in Canada.

**Mr. Broadbent:** Mr. Speaker, I know the minister has only had that portfolio for about eight months now, but I ask him, is he not aware that clause 1 of the pact—near the end of the clause, the last sentence—prohibits governments on either side of the border from using a variety of means, among which would be tax incentives, because the principle of the pact is to get a fair share of growth on both sides of the border? The hon. member for Windsor West has pointed that out to the minister a number of times. If he is aware of that, has the Government of Canada objected to the United States in terms of the pact being violated in this regard?

I come back to the commitment point. Will the minister tell the House that he will have for us, in the next two or three weeks, commitments from the industry for investment to redress the loss of jobs? Failing that, will he finally acknowledge what the rest of us have recognized, that he has failed to do the job, and will he submit his resignation?

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

**An hon. Member:** They need him in the cabinet.

**Mr. Horner:** Mr. Speaker, in 1970 there was a great deal of confusion with regard to the figures being used concerning the automotive agreement. In 1970, Canada and the United States

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agreed upon a specific set of figures. So the hon. member can use any kind of figures he wants, but Canada and the United States are attempting to use comparable figures.

The job loss, as I have said, is in the neighbourhood of about 5,000 in this country today: that is in the total automotive trade. The unique thing is that we have a surplus of \$2 billion in vehicle assembly. In assembling these vehicles, we need parts. Therefore, if one cut back on assembly, one would automatically cut back on parts; and we have to really increase our parts production in Canada.

● (1432)

I have said repeatedly that nothing would make me happier than to be able to announce three or four more plants to be built in Canada. I hope to be able to do that some time in June. I cannot say anything more than that.

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[Translation]

### FINANCE

#### QUEBEC SALES TAX—INQUIRY AS TO ADVANTAGES OF GOVERNMENT'S PROPOSED SOLUTION

**Mr. Adrien Lambert (Bellechasse):** Mr. Speaker, my question is directed to the Minister of Finance. Last week, in reply to the question put to him by an hon. member of the opposition, the right hon. Prime Minister said that the problem posed by the retail sales tax was not understood by hon. members, and he indicated that only the right hon. Prime Minister and the Minister of Finance understood the problem. Referring to an article published in today's *Le Droit*, I have a feeling that hon. members of the opposition are not the only ones who understand nothing: there are others as well. Speaking of the Minister of Finance, this is what the article says, and I quote:

We want to reduce our taxes and Quebec is willing to increase theirs. That is what we have been telling them to do for several weeks.

Here is my question: can the minister explain very clearly to this House what the advantages are for the Quebec taxpayer if, on the one hand, the federal government reduces its taxes, while on the other hand the provincial government increases its taxes by a comparable amount?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, we have explained repeatedly that that is precisely the technique we followed on budget night. In the other provinces, federal taxes were reduced for every taxpayer. At the same time, the provincial governments of those provinces increased their personal income tax. With the profits thus made, it was decided to reduce the sales tax.

Here is what we did, which is very clear in my mind: on budget night, we reduced the federal income tax in the case of the other provinces which then increased their own income tax; this is what Quebec refused to do, like the other provinces.