

Oral Questions

Mr. Lalonde: Having their cake and eating it too. Very simply, we are looking at reallocating expenditures, even compressing some expenditures if necessary. We did this last October, for instance, to the tune of \$1.1 billion. Another alternative is to borrow the money to finance all programs necessary for the people of Canada, and the third one is to raise taxes. These are the three options. None have been eliminated and none are being retained particularly at the present time. I am working on the preparation of my budget. I am consulting very extensively with the people of Canada, I think more than has ever been done in the past. I hope that out of those consultations will develop a broad consensus on a budget my friend will be able to support.

Mr. Wilson: The Minister said this morning that he was thinking seriously of increasing taxes. Surely he has not heard that from the consultations he has gone through over the past few months. Surely the Minister knows that a tax increase will reduce jobs, will force lay-offs and more bankruptcies.

MINISTER'S POSITION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, since the reason Canadians are not spending money today is because they fear they will lose their jobs, how can the Minister justify his lack of understanding of the economic consequences of a tax increase just as we are coming out of the recession? Just when we need it least, he talks about it.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it is not a problem of lack of understanding on my part. I suspect that it is a lack of hearing on the part of the Hon. Member. He tried to report what I said this morning—

Mr. Wilson: I saw it.

Mr. Lalonde: He says that he saw it. I advise him to listen rather than only see.

Mr. Wilson: I have listened too.

Mr. Lalonde: If he had listened he would have heard what I said. Frankly, if it pleases him, I could tell him that I am seriously considering a tax increase, seriously considering a tax decrease, seriously considering maintaining the deficit where it is, seriously considering increasing it, and seriously considering decreasing it. He can have his choice.

Mr. Andre: Talk about having your cake and eating it too.

Mr. Lalonde: When the budget comes, he will know which options I have retained.

Some Hon. Members: Hear, hear!

Mr. Broadbent: I hope the Minister will seriously consider creating a few jobs for Canadians.

AUTOMOTIVE INDUSTRY

INTERIM AGREEMENT WITH JAPAN ON LEVEL OF EXPORTS TO CANADA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question on the same subject matter for the Minister of State for International Trade. Would he confirm a report out of Tokyo today that he has reached an agreement with Japanese auto producers, which incredibly involves two points? On the one hand, it will permit the Japanese to increase their export for cars into Canada by 16,000 more during the next six months than they exported into Canada in the last six months. On the other hand, the Minister has failed completely to get a Canadian content provision comparable to what the Americans achieved and announced yesterday in the United States, which will guarantee that one Japanese car company alone will produce an additional 12,000 jobs for American workers.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I find the Hon. Member's interpretation of the results of our discussions in Japan to be rather unique.

Mr. Broadbent: And accurate.

Mr. Regan: Let me tell him why they are not accurate. First of all, we have obtained an interim agreement with the Japanese with reference to their forecast of shipments of cars to Canada for the first six months of this year. That is established at a figure which is 11,000 less than for the first six-month period of last year.

Some Hon. Members: Hear, hear!

Mr. Regan: And it is without any prejudice to either side in our negotiations for the entire year.

Let me say secondly to the Hon. Member that the timing of my visit to Japan related to the quadrilateral meeting of the trade ministers of the European Community, of the United States, Canada, and Japan. But we felt in this country that it was important to have a six-month interim agreement with the Japanese while they were carrying on their negotiations with the Americans, because of the fact that otherwise there would be no check on how many cars would be coming in while the negotiations continued. To make the interim agreement was in the best interests of Canada. The one we have made is advantageous. Indeed, whereas what they are proposing to do with the Americans is to remove merely the numbers they had for the last fiscal years, ours is the more highly advantageous arrangement.

ACCESS TO CANADIAN MARKET

Hon. Edward Broadbent (Oshawa): Madam Speaker, first of all the Minister should know that in the auto industry they compare trends. I have pointed out to him that he has just permitted the Japanese to export 16,000 more cars in the coming six months than they exported to Canada in the last six