ing his family income support plan, if we ever get through the tax bill, which in effect will rechannel family allowances to the lower income groups. Granted, much of the family allowances went to people who did not need them, but under the new proposal the total cost will be an additional $150 million.

The recently passed Unemployment Insurance Act is a disguised form of guaranteed income. In committee, Members of Parliament were assured that the plan will operate at a fiscal break-even point when unemployment is at the rate of about 4 per cent, though the figures given were imprecise. When it is considered that unemployment in the sixties averaged well over 5 per cent and that at the present time the unemployment rate is 7.2 per cent, it can be seen that almost half of the unemployment insurance money will come from the federal treasury, according to the estimates made by the Department of Labour.

• (10:30 p.m.)

All this brings me to the main point: what are we doing for Canadian business? It must provide all the goods that we need in order for our welfare economy to survive. Until tonight, the government has given precious little encouragement to business beyond piling tax upon tax. In the *Globe and Mail* of Tuesday, October 12 the following is said regarding Mr. Nixon, the Liberal leader in Ontario:

> Or take the uncertainty that afflicts business, causing it to pull in its horns and fail to produce the expansion that would have provided jobs— It was caused by the Ottawa Liberal government, lingering for years over a new system of taxation that would have heavily penalized business, withdrawing it—largely under well-researched attack by the Ontario government—replacing it with another system almost as confusing, topping it off with a Competition Act that has business wondering if it will end up in jail or paying a million dollar fine. Instead of providing jobs.

The tax bill now before the House is one suited to a decade long gone by. It is one that favours so-called equity over economic growth, and where there is a conflict between equity for the taxpayers and revenue for the treasury, it comes down firmly on the side of treasury. In this tax bill, the government has discriminated against the millions of Canadians who are individual entrepreneurs, farmers, and storekeepers. It has assumed no responsibility for the unincorporated business sector of the business community. It has not assisted these groups to become more viable.

In the tax laws governing small businesses, the government has taken away substantial freedom of choice from these small businesses. Indeed, they seem only to have paid lipservice to the widely held public sentiment that small businesses should be granted tax concessions in the proposed tax structure. They have hedged this tax portion of the bill so rigidly, in apparent fear that some foreigner will buy a small company, that they have virtually reduced the tax proposals to naught. The government is planning to put curbs on industry under the Labour Code section dealing with technical change, so that a company will not be able to introduce technological changes until the end of a labour contract. On the surface at least, this looks like a device that will hold back technological changes in our industry, and what surer way is there to prevent an efficient industry?

Further, the Minister of Consumer and Corporate Affairs (Mr. Basford), in his competition bill, is restricting business in an apparent attempt to create an ideal society where every consumer will be protected to the nth degree. He may well be hedging industry and services with regulations to such an extent that it will be hardly able to breathe.

As the government of a country with the international trading pattern that we have, this government has been behaving in a curious manner. While the United States has been defending the western world with its blood and treasure in Viet Nam, the Canadian government has been systematically cutting down its commitment to NATO and cutting down its own security forces. It has recognized Red China at the expense of Taiwan. It is assiduously engaged in attempting to expel Taiwan from the United Nations in direct contrast to the American position. What did the *Globe and Mail* say about this in its editorial of October 12? It reads:

> Or consider the coldness which has developed between Canada and the United States, and which has undoubtedly contributed to if not precipitated the U.S. disregard for what U.S. measures may do to Canada's economy.

While in Russia, the Prime Minister (Mr. Trudeau) has portrayed the United States as a cultural, economic and possibly military threat to Canada.

In the long awaited and apparently now defunct Gray report on foreign ownership in Canada, there was an implication that the government would be sympathetic to the economic nationalists in Canada who portray Canadians as hewers of wood and drawers of water for the Americans. The Gray report would certainly have been punitive against foreign investment.

The action of the U.S. government in applying the surtax to Canada cannot really be condemned from their point of view. Canada, along with Germany and Japan, is one of the nations at which it was aimed. They did not have any alternative but to correct their balance of payments. Much of the American grievance lies in the automotive pact and the use to which it was being put, such as the Michelin tire plant in Nova Scotia and snowmobiles. All this has created an abnormal balance in favour of Canada. There are many areas in which negotiations would be useful in dealing with the U.S. surcharge. We have to be aware of the change in conditions in the world in which we live. While the world has been coalescing in trading groups such as the European economic union, the Asian group, and North America, we have been doing very little about it. We have assumed that we can operate outside any trading bloc in an independent manner. This may be so, but we cannot do this without a considerable change in the direction of our economy.

Measures should be taken at the internal level to stimulate business, as has been proposed tonight, but also we should give the entrepreneurs a greater place in our society. Our welfare structures should be scrutinized, and we will have to make some decisions to ensure that economies are effected in these fields without a reduction in service. In the international field, we should negotiate with the Americans on the sore points and the so-called grievances with resolution and firmness. Mr. Connally has suggested that Canada has probably met many of the conditions necessary for the removal of the U.S. surtax. It has allowed the dollar to float and it has allowed market realities freely to determine exchange rates. It has made