

The Budget—Mr. Peterson

There are many other areas about which I would like to talk. I look forward to the consultative process of the Minister of Finance with respect to part-time farmers and Section 31 of the Income Tax Act. Those consultations will be very, very important. We have to ensure that part-time farmers are not penalized just because they have to work in town to supplement their poor earning capacity on marginal farms. We want to ensure that people who work in towns and are trying to buy into new farming situations can keep their jobs in town and not suffer. We want to see the people in marginal farming areas, which have suffered enormously over the past few years because commodity prices have not kept pace, being given an opportunity through hard work and initiative to stand on their feet, not be besieged by artificial limits imposed in the income tax or by rapacious tax investigators.

I have watched Budgets closely since 1970. I have followed them in great detail. It is my considered opinion that the Budget of April 19, 1983 and the one of February 15, 1984 are the two very best Budgets. They respond to the needs of our nation, our economic needs, the needs of taxpayers and the need for investment better than any other Budget over that period of time.

One area about which I want to talk is unique and provides a new opportunity over the long term to create a better economic future in Canada. I am referring to the provision dealing with aid-trade. The Aid-Trade Fund was announced in the Budget, but first I would like to back up somewhat to look at our position with respect to foreign aid. Hon. Members will recall that back in the early 1960s we set global targets for development assistance to developing countries, to less developed countries, to the Third World. We set a target among rich western nations of about 1 per cent of the Gross National Product. We felt that out of every dollar each of our economies produced, we could devote one cent to developing countries. Then we found that we were falling short of that target. Canada had a sorry record. Our aid amounted to less than .4 per cent, even though we are one of the wealthiest countries. Prime Minister Pearson headed a commission in the late sixties which set a new target of .75 per cent. It cut our overall target for development assistance by 25 per cent. Major western countries fell short of that target. In 1980, the Prime Minister (Mr. Trudeau) appointed a task force of the House of Commons headed by the Hon. Member for Gloucester (Mr. Breau). It did an excellent job in its report. It set a target of .7 per cent of GNP. We have not yet come close to that target. Where are we?

In 1981, of the 17 development assistance committee members of the Organization for Economic Co-operation and Development, of the 17 wealthiest industrialized countries in the world, Canada ranked eighth in terms of the proportion of its resources it was prepared to commit to development assistance—.54 per cent. At the top was The Netherlands with 1.1 per cent. At the bottom or seventeenth was the United States of America with .24 per cent. It is a great regret that the United States, the economic leader in the western world, has cut back on its once very proud figures exceeding 1 per cent of

GNP. That was in the 1960s. This is a shortsighted policy. It is selfish. It will lead to a worsening of the world economic order, situation and structure over the decades ahead. As Jean-Jacques Servan-Schreiber has written in his book *The World Challenge, Le Défi Mondial*, the rich western nations are going to be able to compete among one another over the years ahead, perhaps the decades ahead. In one year we will be up in one product and another nation will be up in another. Basically he said that we are not going to have tremendous leaps forward in the quantitative growth of our economies in the West. We will only gain marginal advantages over one another from time to time. He said that our solution for growth lies in the 160 developing countries in this world, and that there is a necessity for us to work in a co-operative way.

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This is what the Aid-Trade Fund is doing. As we increase our expenditure on foreign aid, it will go to helping Canadian exporters. I do not object at all to tying our Third World aid to Canadian exporters. This is good for Canadians. It means that we will be able to spend more. Let us not continue with parsimonious levels of even .7 per cent of gross national product when it comes to building the type of world which will benefit the Third World, when we will have incredible opportunities to benefit and to grow along with them. This is a farsighted policy. This is typical of many of the measures in this Budget. I am proud to speak today in favour of the Budget of February 15, 1984.

Mr. Blenkarn: Mr. Speaker, would the Chairman of the Finance Committee comment on a statement made before the Senate Budget Committee in the United States by Paul Volker on February 29 last when he said:

The adverse effect of the imbalance of domestic savings and investment on credit markets has become more apparent as the U.S. economy has grown and those imbalances can only worsen if deficits of the magnitude projected by the Congressional budget office and others, deficits without precedent during a period of economic expansion, are permitted to materialize in coming years.

In view of the fact that our deficit in terms of borrowing requirements will be 92 per cent of domestic savings, in view of the fact that our deficit on a per capita basis is one and a half times greater than the United States and in view of the fact that our deficit is nearly three times as large as that of the Americans on a comparison of gross national product to gross national product, how can the Chairman of the Finance Committee of this House conceivably approve this Budget?

Mr. Peterson: Mr. Speaker, this question is obviously rhetorical. If the Hon. Member for Mississauga South (Mr. Blenkarn) had the slightest suggestion as to where we were going to be able to cut expenditures in order to give Canadians better value for their tax dollars, I believe he would have come forward with that. The simple fact is that that question is typical of what the Opposition Members have been doing throughout this debate. They are not prepared to say on what they were prepared to cut back in terms of expenditures. Is it going to be the senior citizens? Is it going to be transfers to the