

fell far short of levels necessary to provide sufficient jobs for the growing labour force. Such investment continues to fall short.

That, Mr. Speaker, brings me to the matter of confidence. Business will only respond to the required degree when a climate for confident economic growth has been restored in this country. The creation of jobs is directly related to the investment of capital. For many years a pall of uncertainty has hung over the business community of this country. It is still with us in the areas of taxation, competition and labour legislation and is increased by many unnatural interventions into the marketplace by government. These uncertainties weigh much heavier on small business as few have legal or accounting experts on their staff, nor can they afford to employ such people. What has this budget offered small business? It has offered a correction of mistakes handed to them in the last budget.

• (1710)

Has not the time arrived in Canada to consider a royal commission to investigate the Department of National Revenue and determine whether the method that the department is using to deal with smaller businesses is as it ought to be? The adverse effects of harassment by this department on the smaller company are much more significant than on the big company. Small business cannot afford to proceed and fight the claims in court. Former employees of the department freely admit that unreasonable tax assessments are often imposed on the little man because they know he cannot fight back.

The result of this, Mr. Speaker, is that the morale of businessmen in Canada is low. With the credibility of this government completely shot with the business community, I can see no less than a new, fresh Progressive Conservative government to get this country going and to recognize that business strength and morale is a vital and integral part of the community, not distinct from it; that national economic defence requires building of business strength and morale so it may meet the competitive assaults from government-supported foreign business.

Some hon. Members: Hear, hear!

Mr. Bowden: A Conservative government would have recognized the important role of small business in Canada as an employer and as a potent force in stimulating the economy by offering positive measures to encourage Canadians to invest in such enterprises.

A factor overlooked by ministers in this government and large numbers of their boffin-ridden staffs is that profit is still a good word in Canada and it is a necessary word if a free enterprise system is to work. Profits are simply a payment for the use of capital, including an allowance for the element of risk. The government is a full partner of business, sharing through taxes the rewards of success, but business failures are for the account of the investor. It is only from a healthy growth in tax revenues that we can advance—

Mr. Deputy Speaker: Order, please. I thank the hon. member for his co-operation.

The Budget—Mr. Walter Smith

Mr. Walter Smith (Saint-Jean): Mr. Speaker, I am indeed delighted to take part this afternoon in the debate on the budget, already known across Canada as a budget for the Canadian family. Members across the floor do not appear to approve of this budget. I did not expect they would. This is no surprise. It is clear they are determined to criticize everything this government proposes.

I am pleased to learn that the senior citizens of this country are going to receive an increase in their old age pension. The basic pension will be increased by 15 per cent to \$100 a month effective April 1, 1973. The maximum payment with income supplement will be increased from \$150 to \$170 for individuals and from \$285 to \$325 for married couples, the highest guaranteed income pension in the world.

[Translation]

Veterans' allowances will now be \$151 for single persons and \$257 for married veterans. Guaranteed income for veterans over 65 has been increased to \$206 and for those over 65 who are married, to \$357.

[English]

Income tax is being cut 5 per cent, with a maximum reduction of \$500 and a minimum reduction of \$100. The individual tax exemption is being raised from \$1,500 to \$1,600 and, for married couples from \$2,850 to \$3,000. I am also pleased to learn that starting in 1974 personal income tax exemptions and rates will be adjusted to reflect the changes in the cost of living. With these tax changes, about 750,000 Canadian taxpayers will be dropped from the federal tax rolls. All this is aimed at increasing real income and improving the standard of living for Canadians from one end of this country to the other.

The 12 per cent federal sales tax on all children's clothing as well as shoes and other footwear is being abolished. This is very important. The federal sales tax on confectioneries, chocolate bars, soft drinks, fruit drinks and similar food products is being abolished. This is well accepted across Canada. The 10 per cent luxury tax on toiletries and cosmetics is being abolished. The 17 per cent luxury tax on clocks and watches, except when the manufacturer's price exceeds \$50, is being removed. With regard to small business, corporations receiving the small business deduction are allowed to reinvest earnings without restriction. The government will announce additional specific proposals to assist small businesses. Family farms are now permitted to pass from generation to generation free of capital gains tax.

Many times I have talked to farmers in my region about feed grains. There is an injustice with regard to farmers in Quebec and the Maritimes where the price of feed grains is much higher than in any other part of Canada. The Minister of Agriculture (Mr. Whelan) and the minister responsible for the Wheat Board have promised that a solution will be found and announced in the near future. I will not be satisfied until a fair solution is found.

The federal government represents every Canadian in every province and territory. It is responsible to all Canadians, not simply to those in the wealthy regions or those in regions where additional political popularity would be helpful in elections. That is why we shall continue the system of equalization payments, for it is one of the