

*The Budget—Mr. Philbrook*

The CMA has recommended the R and D incentives and improvements in investment tax credits.

Peter J. Dawes, foreign trade director of the Canadian Importers Association, said:

We are generally pleased and particularly happy with the federal sales tax cut, which we expect our members and the Canadian importing community generally to respond to and pass along with future shipments to Canadian consumers.

That has been a point of concern. He went on to say:

We're pleased to note the minister's reaffirmation of its commitment to General Agreement on Tariffs and Trade negotiations and of course we're delighted that the tariffs remain unchanged for the present.

The commitment referred to was the commitment of the government.

Mr. Reg Ryan, president of the Mortgage Insurance Company of Canada, said:

It is important to take an over-all view of what Chrétien was trying to do.

We have to endure some more pain before we get back to the days of low inflation and low interest rates.

It showed some restraint and some stimulation without going too far in either direction.

Mr. Cliff Bulmer, secretary of the Council of Ontario Contractors, said:

It will allow developers to write off the carrying cost of unused land, which may have the effect of encouraging developers to order builders to build because it will keep their costs a bit lower.

Mr. H. J. M. Watson, comptroller, Steel Company of Canada, said:

Chrétien has provided some stimulus, but we as a country have got to bite the bullet a little harder to reduce the deficit.

It will benefit the steel industry from the cut in the sales tax, investment credits, and unemployment insurance cuts.

From my home town of Oakville, Mr. Ron Bennett, president of Ford of Canada, said:

We welcome the reduction in sales tax, and this together with the cumulative effect of the other measures taken, will contribute to a sustained growth in vehicle sales and the economy in general.

Since the budget, we know that both Ford and GM have announced average \$150 car price cuts.

Mr. Russell E. Harrison, chairman of the Canadian Imperial Bank of Commerce, said:

In view of Canada's complex economic problems, I expect it will be mildly stimulative, which is essential if it results in increased over-all production, through the economic stimulus provided by the appropriate tax reductions.

From the very important province of Ontario, treasurer Frank Miller was reported to be pleased by what he considers a private sector budget, with special incentives for manufacturing industries and positive steps such as the 3 per cent reduction in the federal manufacturing sales tax, added encouragement to research and development and enhanced investment tax credits. Mr. Miller considered this budget a private sector budget. I also mentioned that, and proudly, at the beginning of my speech.

Mr. Miller said that the reduced sales tax and the research and development incentives will make manufacturing more profitable and more attractive to new investment, and that

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that means the creation of new jobs. He said that the reduced sales tax will make Ontario more competitive with the northern United States.

Several economists reacted in a positive way to the budget. Two were Mr. Douglas Peters, chief economist of the Toronto-Dominion Bank and Mr. Ben Gestrin of the Canadian Imperial Bank of Commerce. Judith Maxwell, who I believe is no stranger to the Leader of the Opposition (Mr. Clark), endorsed the budget and said:

He has used all the room that's available to him to stimulate the economy.

That is a remark with which we agree, but it is sometimes greeted with strange reactions when we say it. Economic investment houses like Pitfield, Mackay, Ross and Nesbitt, Thomson, Bongard saw other things in this budget, according to their comments. One comment was that costs and inflation will be relieved by tax cuts and unemployment insurance reductions. Another was that investment and manufacturing expansion will be aided by the investment tax credits.

Another was that it is difficult to affect unemployment directly overnight. Another was that expansion is up to Germany and Japan, not Canada.

There has been some favourable reaction from the general media. Mr. W. A. Wilson of the *Ottawa Journal*, a distinguished journalist and political analyst, reflected on the budget.

**Mr. Friesen:** A good friend.

**Mr. Philbrook:** The *Ottawa Journal* is not usually considered a Liberal newspaper. With regard to restraint, Mr. Wilson said:

The budget's tax changes can be defended in good conscience.

He acted with restraint and despite all the howls of disappointment that have followed, a large increase in the deficit would have been contrary to the public interest.

**On inflation he said:**

There has been some post-budget scepticism about Mr. Chrétien's optimism over inflation, but he is by no means alone in this outlook.

**On growth, Mr. Wilson said:**

The problem of estimating next year's growth with any accuracy is, however, complex and difficult because conditions in this country will inevitably be affected by American developments.

Coming from Mr. Wilson, it is hard to interpret that as an alibi. **On stimulation he said:**

The budget contains other devices aimed at stimulating investment so the government's emphasis remains what it must be: that an increase in business investment is essential to this country's health.

I emphasize the word "remains".

In the latest edition of *Maclean's* magazine, Ian Urquart covered essentially what the minister covered. He said:

On the evidence of the first day following the budget, he won that gamble as the dollar did not merely hold its own, but actually picked up a bit.

Its value rose to above 85 cents American. How did he do this? According to Ian Urquart: