

been our inordinate dependence upon raw material exports. This concern has been articulated by responsible provincial leaders. For example, the Premier of Alberta made the following statement to the federal-provincial conference of first ministers last November:

The future growth of our province will be determined by our ability to guide the province through the transition from a primary industry economy to a balanced economy equally based on natural resources and secondary and manufacturing industries.

Speaking in his budget debate this March, the Premier of Saskatchewan indicated that, while continuing to support resource development, his government—

—will put new emphasis on those projects which involve further processing of our agricultural products and other raw materials.

This applies with equal validity to the Atlantic provinces. The Premier of New Brunswick, at last February's first ministers conference, said:

There is an urgent need to get manufacturing on a growth pattern if job opportunities are to improve.

The corporate tax cuts on processing and manufacturing profits and the two year write-off permitted for newly acquired processing and manufacturing equipment and machinery will substantially reinforce these very desirable provincial objectives and contribute tangibly to their attainment.

The May 8 budget constitutes a massive act of faith in the free enterprise system. Free enterprise has served Canada well. We are confident that it can and will continue to serve Canada well. We are confronted by many serious problems and right now the main one is unemployment; but we are confident that we can solve these problems as well as the unemployment problem specifically within the context of the free enterprise system.

We expect that the 20 per cent corporate tax reduction and other capital investment incentives offered manufacturing and processing activities will lead to substantial improvement in the ability of Canadian products to compete at home and abroad and hence to a large increase in employment opportunities in Canada. We are confident that with the certainty of this tax reduction as an ongoing measure, corporations can convert plans to action quickly and have a substantial and relatively immediate impact on jobs for Canadians. We are confident that our confidence in private enterprise is well founded.

**Mr. R. N. Thompson (Red Deer):** Mr. Speaker, in rising to participate in this budget debate I wish first to congratulate the Minister of Finance (Mr. Turner) on his maiden budget. It is not an enviable position in which he found himself, having been conscripted to it in the first place and then having to follow the tragedy of the budgets which preceded this one. I would also like to congratulate the hon. member for Calgary South (Mr. Mahoney) who has just finished reading a questionable speech. There was a day when speeches in the House were supposed to be made for the purpose of debate, and not read, but that day has long since gone, particularly when ministers of the Crown, albeit fledgling ministers, have every single word written out for them. Of course, that pattern is followed by the Prime Minister (Mr. Trudeau) so we should not really be too critical of the Minister of State.

#### *The Budget—Mr. Thompson*

The minister said that the government has come within shooting distance of bringing inflation and unemployment under control. I say to him that he must have a very strong telescopic-sight and a very long-range rifle, because I certainly do not see the target within sight at all. I say to him, also, that it is not the system that he has been talking about that is wrong; it is the management of that system. We heard him spend the full time of his speech condemning my leader who made a particular suggestion in relation to one alternative. However, there is not very much he can say about his own budget, although voters in Calgary South might have obtained more benefit from explanations of some parts of the budget for which I have not been able to find any answer or rational explanation.

My basic objections to the budget are threefold. First, it is wrong and it makes little sense to treat different sectors of the economy in diverse ways. What has happened in this budget is that the manufacturing and processing aspects of the economy have been given some incentive and encouragement while the other aspects of the economy have been neglected altogether. It seems to me that if we really want to bring the economy of this country back to what it ought to be and where it could be, we will have to deal with the general problem of taxation and inflation in a consistent way that is equitable to all sectors.

Another criticism I have of the budget is that it innovates yet another approach to the problem of financing the cost of government in attempting to create jobs, as the Minister of Finance said. A great deal has been said about the 20 per cent corporate tax cut—this matter was mentioned by the previous speaker—but the fine print in the budget does not even say that there is a current 7 per cent tax cut incentive for corporations which will automatically disappear at the end of this year simply because the reduction which was given a few months ago for a specific period of time is not reactivated. I have not heard one speaker on the other side mention the fact that there is presently a tax reduction that will be no longer effective. So if they want to talk honestly and with integrity about what the corporate tax reduction is, they should be using the figure of 13 per cent instead of 20 per cent.

Another point I should like to make is that while this budget does very little for the middle income earner, and does nothing for the low income earner, the fact is that income tax goes up 3 per cent at the end of the year for everybody. Again, nothing was said about this in the budget, not even in the fine print. The fact remains that Canadians will pay 3 per cent more personal income tax after the end of this year because in the mini-budget that the previous Minister of Finance brought in last October the highlight was the 3 per cent tax reduction across the board which, however, was implemented only until December 31, 1972. Because nothing is done to erase or amend that time limit every taxpayer will be paying 3 per cent more income tax at the end of the year as a result.

• (1550)

In addition to this deceitfulness—certainly the fact that it was concealed, that it was not mentioned, means it can be classified as exactly that—my complaint is that we try one thing one year and another thing the next year, and as