

*The Budget—Mr. R. A. Bell*

this program of self-reliance is dependent upon our practice of increased efficiency, productivity and thrift. For, as I hope to have the time to mention later, one of our major concerns must be to avoid a price and cost level which will bar us from export markets as well as make foreign goods more competitive in our domestic markets.

This budget, having first sought to provide additional stimulus to Canadian savings, then advances proposals to remove the incentives which attract foreign capital. Personally I was pleased that the Minister of Finance dealt so lucidly and vigorously with those who seem to assert that Canada can get along without foreign investment. At this stage of our development it just is not so, and any attempt to bar the door to foreign investment in Canada would launch us into grave economic difficulties.

In some of the comments, by some queer twist which I do not understand, this budget and, in particular, the proposals relating to withholding taxes and taxes on branches, has been represented as anti-American. How ridiculous can prejudiced assertions become? This budget, like the government, is pro-Canadian. It is not anti-anything. There is nothing, I emphasize, nothing hostile or discriminatory in these proposals. They are moderate. They are rational. They are tailored to today's needs.

Until Canadian savings are sufficient to provide all capital needed for development of our natural resources and of our processing and secondary industries—and that day has not yet arrived—we shall need foreign investment in Canada. Policies antagonistic to foreign capital would be not only shortsighted, they would intensify an unbalanced economy. So long as we manage our financial affairs in a manner commanding confidence abroad we can expect capital from abroad to seek opportunities for profitable investment in Canada. As the Minister of Finance mentioned, it cannot be turned on and off like a tap. Progressively we can strengthen our own capital position and lessen our dependence abroad, and that is one of the objectives of this budget. It is both a long range and a short term measure. Some of the impact has been immediate, as we have seen in our exchange position.

At the outset of these comments on the tax changes, I mentioned that one of the budget objectives was to keep a tight rein on inflationary pressures. It has been a central feature of this government's policy from the outset to contain inflation—and it has been a hard fight. It is not over. Vigilance and sound, flexible budgetary and monetary policies are needed to keep the battle won.

Associated with inflation is the danger of rising costs. As the fifth trading country in

the world, with 20 per cent of our production disposed of in external markets, Canada cannot insulate her economy from the rest of the world. By efficiency, by productivity, by every means possible, Canadian producers must keep costs down or pricing ourselves out of world markets will be inevitable. And if that happens we may find we have also priced ourselves out of the domestic market. Every Canadian has a direct and immediate interest in preventing the loss of markets through high costs of production.

These, then, are the objectives, the purposes of this budget. I repeat what I said earlier: the legislative proposals forecast in the speech from the throne—the proposals made in this budget—are a cohesive, integrated program of action and, taken together, constitute the most massive attack upon unemployment, the most massive stimulus to a balanced economy ever launched by a Canadian government.

Now a word about the tariff proposals. Over the last few months a consistent attempt has been made by hon. gentlemen opposite and, in an exaggerated way, by their newspaper supporters in western Canada to misinterpret and malign the trading policy of this government. The universal policy of Liberalism on trade and tariffs has been to play both ends against the middle—and I mean that both literally and figuratively.

What this budget seeks to do is to restore and strengthen the historic position of the "class or kind made in Canada" items, gradually chiselled away in recent years. I hope my hon. friends opposite will not repudiate Sir Wilfrid Laurier and Mr. Fielding under whose aegis the "class or kind made in Canada" principle was first developed. But they have encouraged the Sifton press in western Canada to paint this as high protectionist action. I have some of their ridiculous, prejudiced editorials here. My hon. friends encourage the Sifton press to paint this as a high protectionist action, and this despite the fact that the founder of the Sifton fortunes, Sir Clifford himself, was a member of the Laurier government which introduced the "class or kind made in Canada" concept which is now being restored to its original intention.

Nor do I doubt that my learned historian friend from Bonavista-Twilligate will, at some stage of this debate, seek to repudiate the history of the period 1936-39 when under the guidance of Charles A. Dunning, a one-time professed Saskatchewan free-trader, and of J. Lorimer Ilesley, a Nova Scotia disciple of Fielding, the largest number of "class or kind" items was introduced. It was the later satellites of these earlier and genuine Liberals