

The Canadian Economy

we find ourselves. We need not go far beyond the surcharge; we do not have to go into those things that are now obvious, matters such as the depreciation credit program of the American government. We need to consider the DISC program, which will be in effect, and the morale of Canadian business and Canadian workmen who will be affected.

However, in case hon. members accuse the government of not acting promptly enough in this crisis, may I remind the House that this morning the figures showing 7.1 per cent of our people as unemployed were released, and this evening the Minister of Finance presented what is probably the most dramatic budget in the peacetime history of Canada. The government brought forward a deficit budget; it is to spend over \$1 billion. Do you know what that means? As I was counting the figures, hundred million by hundred million, I thought to myself, "My god, where are we going?" The budget means that the government has said, "We have confidence in Canada; we will go into deficit financing because we know we will survive independently. Not only will we survive; we will make good." That is an expression of confidence that does this government credit, and it deserves credit for it.

Mr. Woolliams: It is amazing what an appointment will do to a man.

An hon. Member: He has been to the pork barrel.

Mr. Otto: I expected the opposition to speak about many things sensibly and critically. For example, there are municipal projects. I know that the government's program will take care of some; nevertheless, I hoped the opposition would point out to the government that these municipal projects ought to be labour intensive. Much of the equipment and machinery that we use is American made, that is, made outside the country. We must be selective in this regard. I hope the government will be selective in the way it makes funds available for municipal projects. The same thing applies to provinces. We must make sure that much of this \$160 million is not used by provinces for political purposes, such as building roads from nowhere to nowhere. The money should be used for the more efficient production of goods rather than for the creation of more efficient labour, so that when we come to the second phase of the program that was introduced tonight, the industries of this nation will be strong and efficient.

Mr. Skoberg: What second phase?

Mr. Otto: We need to spend intelligently, without leaning on our good neighbour to the south. If the money is not spent that way, we ought to make sure that it is spent on well designed projects. It should be spent efficiently and not necessarily on make-work projects.

Hon. members opposite wonder what will be the effect of this \$1 billion that is to be injected into the economy. I should like to try to answer the question. I have been in business for many years and have some idea of the effect that \$1 billion will have. As I say, over \$1 billion is to be spent. Most manufacturers and most people know that money will be available. In the past, manufacturers have limited their inventory and laid off people. Hon. members have heard about that. Manufacturers did so because they

were not sure they could sell their goods. Now that they know that \$1 billion is to be available in consumers' hands, because that is where the \$1 billion will go largely, manufacturers will rehire people and build more inventory so that they can meet the anticipated demand. That will be the immediate reaction of business to a budget such as this.

An hon. Member: Tell Nixon that.

Mr. Otto: I will be speaking about Mr. Nixon a little later.

An hon. Member: Which one?

Mr. Otto: Many worth-while and necessary municipal projects have been shelved. There is now almost \$72 million available immediately for those projects. The assumption that municipalities will need to wait between six months and one year before using this money is not correct. It may be good that some projects arising from this program will be slightly delayed, because we will have a regular succession of projects, a regular succession of employment, a regular succession of goods on the market and people with purchasing power. That will avoid first, an upward cycle, and, then, a downward cycle in business.

I am speaking of facts which apply no matter when proposals like these are made, especially proposals as dramatic as these. These are very, very dramatic and, of course, we can expect an enormous reaction to them which will bring psychological benefits to industry and to our people.

Mr. Woolliams: There will be other budgets after this one.

Mr. Otto: May I now say something about corporation taxes vis-à-vis personal exemptions or personal income taxes? I think that \$125 million less in taxes represents a relatively small amount. The NDP suggests that this matter ought to be handled on a different basis. I think that all segments of our people ought to be given incentives. After all, they are all consumers and many are producers. Sooner or later we shall have to adopt the American view that there is only one employer, the entrepreneur, businessman or corporation, if you like. I agree that some of the criticisms regarding the tax bill are valid. We should be careful in the forthcoming tax reform bill to make sure that active Canadian producers as opposed to passive investors are the ones who will really benefit in Canada. There is a division between these two classes of people and we must pay attention to this matter in order to increase productivity in this nation during the next year and a half or two years.

In conclusion, and I do not want to take too long, may I say this.

Mr. Horner: Say something, at least.

Mr. Otto: I fully endorse these proposals. I think the minister and the government ought to be complimented, because I think these measures will do much to take care of us during the next year and a half or two years. The government has not produced an over-all program. We still have to look at the long-term aspect, especially when

[Mr. Otto.]