

In Canada, in almost all cases, the government allows foreign producers to compete for any share of the market which they wish. This means that much of our high unemployment today is the result of the kind of unfair competition which is not tolerated by other industrialized countries.

Several years ago those of us who have footwear producers in our ridings persuaded the government to impose import quotas to enable our producers and workers to compete on a reasonable basis with those low wage imports. These quotas worked very well and our footwear industries were able to survive. Those quotas must be renewed by December 1 or they will expire and the footwear industry in Canada will be in chaos. I have pointed this out to the Minister of Industry, Trade and Commerce (Mr. Gray) very strongly on several occasions during the past few months, but so far he has failed to act. I again very strongly urge him to do so in order that a very important industry, the Canadian footwear industry, can survive.

Probably the greatest weakness of the budget is that it will do nothing to bring down the present high interest rates which are doing so much harm to our householders, our businessmen and our farmers. A great many of these people simply cannot maintain their mortgages or finance the operation of their businesses or their farms at the present very high rates being charged today. The government can and should bring these interest rates down to about 13 per cent, which is very slightly above the rate of inflation, without further delay.

Something which I was glad to learn from the budget was that the minister had listened to those of us who had spoken to him and his advisers regarding the harm which would be done if income taxes were raised, or if the indexing of incomes for income tax purposes was discontinued. By not doing these things he has followed a sensible course.

I feel sure that all Canadians were disappointed to learn that the federal government is cutting back substantially on the contributions it has been making to post-secondary education and health care. Without this federal assistance, university and community college education will be a great deal less available to our young people who need this additional education and training as the need for higher skills becomes more evident each day.

The federal cutbacks in the field of health care will greatly reduce the health services available to our people, and this is something which should not be done at any time.

In conclusion, Mr. Speaker, I would say that this budget, while providing some relief in several fields, has failed to deal effectively with the three main problems facing the country today; unemployment, high interest rates and the cost of living. I strongly urge the minister to start correcting these serious weaknesses without further delay.

**Hon. Gerald Regan (Secretary of State):** Mr. Speaker, in entering this debate I am privileged to follow the very distinguished hon. member for Northumberland (Mr. Hees) whom I always admire greatly, even though I may not agree with all of the views just expressed.

### *The Budget—Mr. Regan*

I want to say at the outset that congratulations are in order to the Minister of Finance (Mr. MacEachen), who produced what I think is a very worth-while budget in difficult times.

**An hon. Member:** That's a good neutral word.

**Mr. Regan:** It is not a neutral word. Let me make it quite clear that hon. members opposite, in their efforts to assess the budget or talk about it, tend to concentrate on what they can find that can conceivably be negative. I noticed, for instance, that they used the whole question period to talk about a luncheon yesterday or about the time that ads were placed, instead of asking constructive questions about the contents of the budget, or making comments on those measures which are important to the people and the commerce of this country.

Let me point out very quickly that the Minister of Finance, in difficult financial times, not just in Canada but in the United States, in Europe and in other countries of the western world, was able to come in with a budget that had no personal income tax increases. Indeed, it contained cuts for most people in relation to the amount of income tax they pay. There was also the important element of equity. By plugging loopholes the minister was bringing about a result in which all people would be taxed on something certainly closer to the same basis, rather than allowing those who happen to be smart enough to know of loopholes to take advantage of them, with other people not being able to do the same. Therefore, I think these achievements of the minister are important.

Then we have the fact, ignored by the opposition parties, that for the second year in a row the minister has been able to produce a budget which includes a substantial reduction in the deficit. At other times they and many people in this country recognize the importance of Canada moving closer to a balanced budget. That is not very easy to achieve, particularly in such times as these. The minister, in doing that for the second year in a row, is probably the only Minister of Finance in this country for a very, very long time, at least as far as I can remember, who has succeeded in that achievement.

I want also to say that the fact that this budget was brought forward with no cutback in financing for health or education is another very important achievement.

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I would like to talk about the question of post-secondary education, which I think is a subject of considerable importance and of interest to many people. Canada is at a stage in its history where fundamental choices must be made with respect to the direction that our colleges and universities are heading. I think we have to stand back and examine what skills and general learning we want our young people, and indeed people of other ages who return to education, to derive from their years at university or community college. The choices of which I have spoken must be made by the colleges and universities themselves as well as by individual students and faculty members. At the governmental level, the Constitution gives primary responsibility for education to the provinces, but I am sure every member of this House will quickly