

The Budget

make that decision. We have raised the capital cost allowance which is absolutely fantastically good for the manufacturing sector located in my riding and in those ridings throughout southern Ontario and in other parts of Canada where there is manufacturing. We have also cut the withholding tax on dividends.

These are three very positive steps for manufacturing. That is good for Ontario. I know that when the Ontario economy is functioning that that is good for Canada. I do not have any trouble in supporting that particular aspect of it.

It goes a little further than that. One of the things that the Canadian economy has is this issue of competitiveness. We are not competitive in all aspects. In this budget there is an increase in the tax incentives for research and development. Again, that is good for all the manufacturers in southern Ontario. To be fair, I know it is good for other parts of the economy as well. I comfortably say that those four areas address very clearly a problem that southern Ontario has and I am pleased to see that.

It goes a little further. In the budget we have reviewed the capital gains exemption and have confirmed that that exemption is designed for productive investments. One of the major problems my constituents had back in 1988 and 1989 was all the speculators who drove the price of housing through the roof. House prices literally doubled because people had this ability to speculate on land, on real estate and take their capital gains. No more. I realize some people get hurt by that. They are the speculators.

Do you know who wins by that? All the families in my riding and in the ridings across Canada where they are trying to save money to buy a home, to invest in their future living conditions. We have just taken away the speculative incentive by those who are not in that market. If you want to make money, more power to you, but you are not going to do it on the backs of citizens in my riding.

I could go on. I have 10 pages of really good ideas. I am sorry that the time allotment does not permit me to expand on them. I wanted to share with you, Mr. Speaker, that in Ontario this is an absolutely great budget.

Mr. David Kilgour (Edmonton Southeast): Mr. Speaker, the crocodile tears from the member when he talked about cutting taxes were a bit hard to take. As you know,

Mr. Speaker, there have been 33 or 34 tax increases by this government since it took office, including of all things the GST during a recession.

I want to ask the member whether he thinks that it is true, as some people believe, that in fact his government induced this recession by having a very high dollar and very high interest rates for a prolonged period and we all are suffering enormously because of that.

The member will be aware of a study by WEFA Canada Limited which came out last week and which blames his government and some provincial governments to a very considerable extent for prolonging and deepening the recession. WEFA says that his government has loosened fiscal policy in boom times from 1984 to 1987 and 1988 and tightened it in the recession which is, of course, what this budget is doing, the opposite of what stabilization policy should do.

The study goes on to say that under an intelligent stabilization policy with a lower dollar we would now have 100,000 of the 280,000 manufacturing jobs, which his government has killed, and these people would be working.

As somebody who comes from a manufacturing riding, I wonder if the member has anything to say on these statements.

Mr. Soetens: Mr. Speaker, I thank the member for his comment. I recall campaigning in the last election on the idea of a new value added tax. I was elected on that basis. I know he was as well when he campaigned in favour of that tax during the election and he was also elected. I find it interesting that now he would say that that is something we brought on when he campaigned in favour of it.

He talks about the tax increases that took place between 1984 and 1987. He is absolutely right, there were an awful lot of them. I was not a member of Parliament then so I could not very well speak out, but I know he was. He was on the government side so I presume that when he was voting he was speaking out against all these taxes, or just what was he doing?

Let me come back to the idea when he talks about the loss of jobs in manufacturing and so on. Yes, the dollar has had an impact. There is no doubt about that, but I would suggest the greater impact on southern Ontario manufacturing job losses is in fact the spending record of the provincial governments. I should point out that it is a