

exports to Britain rose by 33 per cent last year, exports to Japan by more than 25 per cent and to the Common Market by more than 40 per cent.

I doubt if there is anyone today who would seriously suggest that we should leave the economy to the so-called natural forces of the marketplace. In the interest of building a sound and healthy national economy, there must be government planning and involvement. What concerns me is the fact that bureaucratic tinkering with the economy is often so inept, so lacking in expertise. There is a desperate need for new methods of regulating and controlling the economy in the best interest of all citizens, not to the detriment of some, particularly those who find themselves unemployed or who are obliged to live on small incomes, and to the undue advantage of others. My plea is that the government should continue to seek ways of making the economy work for the well-being of all, to make it buoyant and, above all, to keep it steady.

To this end, fresh approaches are desperately needed and a heavy obligation falls upon those who are propounding economic theories and suggesting ways by which monetary and fiscal policies can be exercised by government much more effectively than has been the case in the past.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, it seems to me that the greatest service the government could do for the youth of Canada would be to bring under control as quickly as possible the problems arising from unemployment, inflation and the value of the Canadian dollar on the international market.

Governments at all levels are spending hundreds of millions of dollars to educate our young people. They, in turn, are giving up many years of their lives in the belief that having benefited from advanced training and education they will be able to find a meaningful role in our society. The alarming fact is that many young people are failing to find an appropriate place in our society. Hence the motion before the House today. I suggest it is because the government, despite its mass of advisers, has failed to solve the fundamental economic problems affecting our society.

We are faced with one overwhelming issue at the moment. An attempt has been made to assure us that at a given moment the Minister of Finance (Mr. Benson), with the help of his advisers, will bring about a new era of prosperity. Apparently that era is to begin on Friday, June 18, soon after five o'clock when the minister tables his long-awaited budget in the House. Many knowledgeable people in the financial community fear he will seize this opportunity to introduce monumental changes in our taxation system.

I maintain this is a very risky time to be introducing monumental changes into our taxation system. The Canadian economy is ill-prepared to meet such changes. The prospect that these widely debated white paper proposals on taxation are to be translated into legislation covering 1,000 pages is causing unease in our financial community.

Employment Programs

Unemployment is very high; the figure of 7.8 per cent was mentioned a short while ago. The minister was hard pressed to find a reason for its failure to decline in April, when it should have declined, and finally told us the weather was responsible.

Then there is the burden of inflation. The Prime Minister (Mr. Trudeau) said last November that inflation had been licked, but this is far from being the case and this year's figure could well reach 5 per cent if the present trend continues. Another factor to be taken into account is the strength of the Canadian dollar, which has created problems for the pulp and paper industry and for agriculture in western Canada; grain prices have been effectively discounted by 10 per cent or more.

It would seem the government intends to give the Canadian public, particularly the industrial and financial community, the summer months during which to digest the material which has taken government experts years to prepare. It is, of course, only to be expected that the government will seek to make its package as broadly attractive as possible by removing 750,000 to one million Canadians from the tax rolls by increasing basic tax exemptions. By this means they hope to convince people less able to meet the burden of taxation that, since taxes have been cut for them, the measures which will inevitably be directed against the private sector of our economy are justified inasmuch as they would enable the government to avoid a deficit which would otherwise be incurred.

The proposed legislation is far-reaching and there has been little consultation with the provinces. To my mind this is one of the greatest weaknesses in the government's approach. The proposals the minister has in mind will downgrade the role of private capital, downgrade the role of the smaller businesses, so vital in our far-flung rural areas remote from large cities, and downgrade the role of the provinces. They will increase the importance of the public sector of the economy, particularly that part of the public sector which is controlled by Ottawa. The proposals have been opposed by a number of the provinces including Ontario and, latterly, Quebec. Ontario, Alberta and Quebec are insisting upon the right to function fully within the jurisdiction granted them by the Constitution, the right to get out of shared-cost programs and other projects which they believe are too costly to be undertaken.

I say with all deference to the Minister of Finance that the economy will be badly served by the introduction of massive changes in our taxation system at a time when it is suffering under so many other difficulties. The provinces surely deserve and require prior consultation before such measures are proposed. This is particularly important in view of the growing and rightful insistence by our larger provinces on opting out of shared-cost programs as one means of decentralizing and neutralizing the effects of a massive, entrenched bureaucracy in Ottawa. All the evidence suggests that Ottawa is a very long way from knowing what is best for the economy, and we can only share the misgivings of the provinces.