In passing, we should note the positive measures which have been taken in this budget in a practical, nondiscriminatory and sensible way to encourage Canadian ownership of our businesses. These include the provision for the deduction of interest paid on money used to acquire shares in Canadian companies, the provision that 90 per cent of the assets of pension and similar funds provided by Canadians shall be invested in Canadian enterprises, the very sensible provisions made for the alteration of the withholding taxes, the provision regarding small companies where the favourable differential rate of taxation applies only to Canadian companies and the solution for distribution of surpluses which is available to Canadian companies.

I suggest that in this long process of discussion of tax policy, we in Parliament and the people of this country have learned a great deal about ourselves. We are essentially a pragmatic and practical people. It is quite obvious now that this nation does not find acceptable the grand, schematic proposals for the over-all alteration of established institutions. These may have great academic appeal, but in terms of our history and tradition it is quite clear that they do not appeal to the typical Canadian. I suppose one might say about the tax structure and the tax system that the decision of the majority of our countrymen is that they like better the devil they know than the devil unknown.

Another feature which develops out of this long discussion is a recognition of the diverse nature of our country which is really too big and too varied to be moved by one theory or one simplistic tax structure. As a consequence, I welcome, as do other hon. members, the fact that differential tax treatment will continue where necessary—where it is necessary, for example, to encourage development in outlying areas, where it is necessary to encourage development of the mining and petroleum industries. The budget also recognizes the special position of different types of corporations such as co-operatives and credit unions in which, as many hon. members know, I have had a lifelong interest.

In regard to all these changes which have been proposed I must say that it is impossible at this time to make comments on the immense draft bill which we have received. However, there are bound to be some areas of the bill which require clarification, and I hope that all members of the House will join in trying to produce the best bill possible so that our fellow citizens who are taxpayers will be able to apply a simple and well-worded law to their affairs.

There are other things about the budget which give me great personal satisfaction and which remove the pall which had been cast upon very deserving people in our country. I mention, for example, the decision not to subject personal residences to a capital gains tax. I also call attention to the change in the income tax rates which make it possible now to say that those people who during the great discussion were called the middle-income group and whose incomes were over $10,000 will not be subjected to higher absolute taxation. I have mentioned before the exceedingly important practical decision to deal with the troublesome question of the distribution of corporate surpluses.

The hon. member for Don Valley (Mr. Kaplan) referred to some of the political consequences of the long investigative and deliberative process which went on, particularly in the consideration of the white paper. Speaking for myself, I cannot think of any national discussion which has been more intensive and more comprehensive. There will now be nobody who dares to say, as was said during the course of those discussions, that the government would not listen. In a sense, the new proposals represent a triumph of democracy. I am quite convinced they have been advanced as the result of important work done by the House of Commons Committee on Finance. We are all indebted to the members of that committee for their work and their report, because it undoubtedly provided the effective foundation for the budget.

• (4:10 p.m.)

Apart from these important income tax changes which in a sense have obscured other vital changes in the budget, I would like to comment very briefly on some of the changes made in tariffs, sales and excise taxes. I welcome the decision of the government to alter the tariff rates affecting the production of polyethylene, not only because of the support it will give to this important segment of the chemical industry, but because of the hope that it holds out for the petrochemical industry, in particular, of government interest, participation and co-operation in solving its many difficulties. These difficulties were expounded yesterday by the Minister of Industry, Trade and Commerce (Mr. Pepin). I am sure all members were as happy as I was to hear him again re-emphasize the recognition of the problems of the industry and his determination to assist in their solution.

The petrochemical industry deserves the support of this Parliament because it is one of the most technologically advanced industries in our country. We must keep abreast of this technology in order to prosper as a modern industrial society. The same comments can be made about the electronics industry which will be greatly assisted by the removal of the special 15 per cent excise tax which has applied to a wide range of consumer electronic products. In making this change, the government has not only responded to producing companies in the industry but to their unions. As is always the case when a mammoth tax deduction such as this is announced on budget night, some hardship and inconvenience can result. I know that there are many retailers who have an expensive inventory of electronic products upon which the tax has been paid. Many of these people are reasonably small businessmen and cannot afford any substantial loss.

I hope that two things will occur. I hope that the government will give consideration to their position and, more important, that the major producers in the electronics industry, who have for so long and so effectively urged this important reform, will not stand aside and let the burden of it be borne entirely by their retail distributors.