

Effect of Budgetary Proposals

credibility as the almost total reversal of that party's position on the corporate measures I proposed in the budget last May to bolster the competitive position of Canada's hard pressed manufacturing and processing industries. While Conservative spokesmen now tend to find nothing good to say about these measures, last May they were expressing their approval, even grudgingly. Speaking on the budget debate on May 15, 1972, the Leader of the Opposition said specifically and repeatedly, as recorded at page 2265 of *Hansard*, that he was not criticizing these corporate measures. I will repeat the words he used as recorded at page 2265 of *Hansard*:

I am not objecting to this sort of encouragement being given to manufacturing and processing concerns, because I believe it will help them to be more competitive in the world as it actually exists.

Mr. Lewis: That is exactly what he said.

Mr. Turner (Ottawa-Carleton): He went on to say:

I have been for some time emphasizing the importance of Canadian corporations being able to compete in the world as it is.

Mr. Lambert (Edmonton West): But he said something else, too.

Mr. Turner (Ottawa-Carleton): Those were the words spoken by the Conservative leader, and any member with time on his hands can compare the words I have cited with the words reported originally in *Hansard*.

Mr. Lambert (Edmonton West): But he said something different afterwards, just as important.

Mr. Turner (Ottawa-Carleton): In his speech to the Empire Club in Toronto on October 19, 1972, the Leader of the Opposition reiterated his general philosophy when he said:

I am not opposed to the established practices of providing incentives to corporations through the various devices of accelerated depreciation write-offs, deferred profits and the like. My experience in government persuades me that these are not only acceptable, but are, in many instances, essential.

Mr. Lambert (Edmonton West): Come back to earth, John. The measures could be combined with others.

Mr. Turner (Ottawa-Carleton): The Leader of the Opposition spoke today as if he had a monopoly on the interests of small business in this country. I remind him that the measures he is criticizing in this motion reduce taxes for manufacturers and processors from 25 per cent to 20 per cent. The budget of February eliminates restrictions on the sources of income for any small business; that is, any small business with an income of less than \$50,000 a year, or earned surplus of less than \$400,000, can qualify. The Speech from the Throne, I remind hon. members, recommends that measures be brought forward to facilitate access to financing and to facilitate management counseling, and that the government expand and broaden the terms of reference of the Industrial Development Bank.

In his capacity as chairman of the Ontario Economic Council, the hon. member for Don Valley appeared before the Ontario Select Committee on Economic and Cultural Nationalism on February 17, 1972. It seems that in Ontario every committee is a select committee. He appeared to urge the adoption of a provincial tax incentive scheme to

[Mr. Turner (Ottawa-Carleton).]

encourage exports by Ontario firms. This is his testimony before that committee; it appears on the records of the committee:

• (2110)

Surely, if DISC goes in the United States it would put our Canadian manufacturers at a terrible disadvantage in all markets unless we have something comparable to it. In other words, we are arguing that Canadian manufacturers ought to be in as competitive a position as any manufacturers in the world.

In other words, Canadian manufacturers ought to be in as competitive a position. DISC has gone into effect in the United States. Let no one be lulled into believing that because its immediate consequences have not been disastrous it would not leave Canadian manufacturers at a "terrible disadvantage", in the words of the hon. member for Don Valley, over the longer term unless we take positive steps to protect Canadian manufacturers and the jobs they provide.

As I have emphasized many times before, DISC is by no means the only threat to this vital sector of our economy. Our manufacturers and processors are jeopardized as well by the increasing competitiveness of the newly emerging giants on the international stage, Japan and the enlarged European Economic Community. They are threatened by the strong protectionist forces rampant in the United States, not the least of which are the member unions of the AFL-CIO that are strenuously pushing for passage of the severe trade restrictions proposed in the Burke-Hartke bill. Because they are the most exposed and the most vulnerable, Canadian manufacturers and processors are the most endangered by the renewed international monetary crisis, a crisis that of course also poses a threat to the future stability of world trade.

I say to Your Honour and hon. members there should be no misunderstanding about the fact that we in Canada are faced with an international situation that is difficult and dangerous. Until now we have weathered remarkably well the storms that are blowing all about us, which is evident from the fact that our currency has remained one of the most stable.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): I would attribute that to a good portion of luck and some good management. In terms of good management, I would say the decision to float the dollar was a wise one at the time, in terms of maintaining a competitive exchange rate. The decision of the Canadian banks authorized under the Bank Act by myself to limit the top rate on short-term deposits to 5.5 per cent for 100 days, or 6 per cent for a year, has turned out to be the right decision for stopping the inflow of short-term money into Canada. I think the co-operation that we are eventually receiving from the provinces to use the Canadian capital markets where at all possible is beginning to bear fruit. As I said, we have had a remarkably stable position up till now, but if this international situation deteriorates, this government may have to propose even further measures beyond the ones we have already contemplated.

I am leaving the day after tomorrow to attend a conference of the major industrial nations in Paris on Friday,