

The Budget—Mr. Saltsman

not heard about creating demand. What we are saying is that equity, productivity and improving the gross national product are not contradictory but go hand in hand. If you give the ordinary person a tax reduction you give him confidence that his government is not robbing him in favour of somebody else, and you will do more to improve the economy than by improving the profits of a handful of corporations.

If we look at the machinery bit, we find it is not 50 per cent depreciation that some corporations will be able to take. It will be 50 per cent this year. Next year it will be 100 per cent, because next year they can take the 50 per cent depreciation to which they were entitled on the machinery purchased this year, plus the 50 per cent on the machinery purchased the next year. That is a pretty nice bonus. It is not as though this approach has not been attempted before. It is not as though there has not been this rapid write-off and accelerated depreciation before and with a similar lack of effect, except on profits. It is a remarkable philosophy which says the only way one can run the economy is to increase profits, because otherwise the whole economy would run down.

At the end of this year, the 3 per cent relief that was given on the personal income tax is to be removed. There is no evidence to suggest the government has any intention of continuing this relief in respect of personal taxes. On the other hand, the 7 per cent benefit that was given to corporations is being formally included by reducing the corporate rate to 40 per cent. It is even better than the 7 per cent, and we have a long-term commitment from the Minister of Finance that corporations will be receiving this for a very extended period. This, in fact, is the beginning of a totally new policy. One has to wonder whether this Minister of Finance is more concerned about looking after the people of Canada or more concerned about building up the power brokers at the next Liberal leadership convention through the direction of his budget. He will not go down the slippery slide of the former minister of finance, because the former minister of finance, despite some of my objections to his policies, occasionally broke through with something for the people. Occasionally, he made a speech in which he said he had something for the people. But the present minister will not permit himself to fall into that kind of trap. They say that the Ministry of Finance spells the end of all leadership hopes. The minister has managed to surmount all kinds of obstacles and he may go down in history as the first minister of finance who managed to hold that office and, at the same time, to please the right people.

• (1650)

In my riding, the textile industry is important, and it is hard pressed. According to the local paper, the first reaction of the people in the textile industry to the budget was favourable. They really think that the Minister of Finance is doing something good for them. I hope they are right but I do not think so because there is a "Catch 22" in that budget when it comes to textiles. The tariff for textile goods coming from Great Britain is being raised. The preferential treatment that we have given on textiles is being extended, and therefore it looks as though this measure will be of some assistance to manufacturers in Canada.

[Mr. Saltsman.]

The minister has brought in another good measure. He is removing all the tariffs for the underdeveloped or developing countries. He will let manufactured goods from developing countries come into Canada. But he has included some protection. He allows the manufactured goods to come in so long as they do not disrupt the Canadian market, or words to that effect. What will happen? First of all, those people who are being excluded by the tariff will move to the developing countries where they will be welcomed. Meanwhile, the Canadian industry will be encouraged to expand and to say that happy days are here now, the Liberals are finally doing something for them. But then, they will find themselves right back in the same box in which they have been until now. There will be the same pressures from manufacturers to exclude the goods, and we will have gained nothing. It is a juggling, a fooling of everyone; it is not a policy, and it will turn out to be a cruel joke that the Minister of Finance has played on everyone.

We are also going to pay in another way because the cost of all public financing in Canada will rise sky high. As Corporation profits increase because of these tax measures, the price of equities will rise. It will be more profitable for people to hold equities rather than bonds. This will mean that bonds will have to compete at a different level. Higher interest rates will have to be given for fixed securities, for bonds and mortgages. There will be an increase in the cost of government financing of all kinds, municipal, provincial, federal and housing because the minister has increased the profitability of corporations. All of us will pay for it because all of us use these services to some extent.

One of the greatest problems facing every Canadian is the growing amount of municipal tax that has to be paid. As a result of this bonanza that the minister is handing out, this gift to the corporations which sounds so great now, the minister will make the job of financing everything outside the corporations in Canada virtually impossible, and the chief beneficiaries will be the American subsidiaries in Canada. The minister has consolidated the position of the American subsidiaries in this country. The foreign ownership policy has strengthened foreign-owned corporations, and they are the ones that will get the main benefit from the tax relief being offered and from the concessions that the government is giving.

I wish I had more time because there are so many things to criticize in this budget. I have only started to mention all the bad things that can be said about what the Minister of Finance has done. As the days go by, the bad things will become more and more obvious, as I think they are becoming more obvious.

Before my time runs out, I should like to move the following subamendment:

That the amendment be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words: "it being the view of this House that a substantial reduction in personal income tax on low and middle incomes should replace the tax cuts and other handouts to corporations."

Mr. Deputy Speaker: Hon. members have heard the amendment which is now before the House.