

end of it because it has had a sad, sad history. There is to be the removal of the 15 per cent excise tax on a certain type of electronic equipment. It is not exactly the type of equipment that will be bought by the lower income groups. They are not the people who will get the benefit of it. Incidentally, the hon. member for Grenville-Carleton (Mr. Blair) should talk to some of the electronic retailers in his constituency about the minister's claim that the removal of the 15 per cent tax on a \$500 television set will mean a saving of \$75. Of course that is a lot of nonsense because it does not operate that way. The 15 per cent will be removed at the manufacturers' level. When the instrument comes into the country, it may cost around \$200 or \$250, I would say about \$200, so that actually the tax was \$30, not \$75. But the hon. member's constituents will also tell him that they have to absorb the cut, the same as mine.

I would think that likely Westinghouse is happy about it. They have recovered from their distributors and their retailers. They are not the ones who are facing the loss. It is the retailer and the wholesaler who have the goods in their warehouse or in their stockroom, not Westinghouse who have not yet sold it, because they have not paid on anything that is in their warehouse. I apologize to Westinghouse for using their name as an example, but it is the same for all of them. Until the goods move away from the manufacturer's warehouse, no tax is paid and therefore he does not have any investment in tax paying. But the wholesaler and the retailer have had to pay, and there is no refund. Let us not talk about a \$75 saving on \$500 television sets. The saving will be at a much lower level.

Let us hope, however, that this action helps the electronics industry. The Lord only knows that it requires assistance, but I am wondering if it is not too late because so many of them are now having the components manufactured abroad and some of them do not even assemble in this country. They market under their particular brand name, but I will not go into the various national manufacturers who only act as distributors for, let us say, a Japanese manufacturer. That is all there is to it. They commission the manufacturer abroad and they act as distributors here. What this will do will not stimulate employment here in Canada. All it means is that the sales of a distributor or a retailer may be increased. There might be more people induced to open up an electronic equipment business, but the ultimate gain in employment will be in Japan, in Europe or elsewhere. Frankly, our Canadian electronics industry in Canada has suffered some mortal blows, and no assistance was given to them in the past. I read that this action comes rather late in the day, one minute to midnight with regard to a lot of them.

The same may be said of some of the customs changes for the petrochemical industry. That is a sad story, and yet we will now wait until there are massive lay-offs where we are told that whole sections of plants are being phased out. Product research laboratories, such as at Chemcell in Edmonton, are disorganized and 125 highly skilled people who have been working 15 to 17 years for this company were put out on the street.

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Let us look at this situation. The minister and the government have a lot to answer for with regard to their treatment of the heavy chemical industry in this country. The Minister of Industry, Trade and Commerce (Mr. Pepin) knows of the strictures, the cautions, the warnings and the pleadings that were directed toward him in particular and toward his predecessor with regard to the Kennedy round negotiations and the effects these would have on the heavy chemical industry. Then, to compound the difficulties, somewhat less than two years ago, in order to combat inflation and to keep prices down, the phased reductions in duties on heavy chemicals were all telescoped in the complete advance of the Kennedy round concessions. It was bad enough to phase these things out over four or five years, but to have them happen within two years has been too much. Then, of course, so many of these plants which depend to the extent of 70 per cent or 75 per cent of their production on the export market were hit last June with the freeing of the dollar, and an automatic price increase of 7 per cent to 8 per cent has proved too much for them.

The minister and his officials will have to give an accounting to the House and to the country with regard to their treatment of that industry. They cannot say that there were loans and that they were going to do this and that. The net result can only be the closing of plants and the deferral of the construction of new plants. That is where the crunch comes. May I call it one o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being one o'clock I leave the chair to resume the same at two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Lambert (Edmonton West): Mr. Speaker, I should like to turn from the impact of the previous budgetary exercises and of this one on particular industries, to deal briefly with some of the tax proposals to determine whether they actually do recognize the maintenance and growth of the economy as the first priority. There is no way in which I can deal with all of the provisions with regard to tax both in the, shall we say, 1971 economic budget and the tax changes to come, but in any event I would like to make reference to some particular ones.

I think everybody welcomes the increase in personal exemptions to \$1,500. I would have preferred to see a system of tax credits because I think it would be more flexible and could do greater justice when one wanted to make the necessary adjustments without having such rather widespread changes.

Subject to the fine print, and to the regulations which will apply, I think that the child care allowances will help in certain areas. Some of the disabilities that were contained in the white paper have been removed. I sup-