

*Taxation*

for people which, in fairness is the priority and concern of social democrats. In essence we have in Canada an economic system which reflects the ability of a party—and it happened to be ours—that has been able to bridge the philosophy of both parties. Our so-called free enterprise system is really a model of compromise. It is a mix in part of a privately-run production system, free enterprise, and in part a publicly-run distribution system by government intervention, which people like to call it, to ensure that the less fortunate share in some of the benefits of the free enterprise system.

In case anyone listening wonders why I support free enterprise, let me point out that history shows it is the most successful economic system ever devised, probably since history was first recorded. Name me one in the world today which is more successful in generating capital than the free enterprise system. Certainly it is not socialism, communism or even social democracy. Free enterprise, that efficient breadwinner, has been able, to date, to provide the moneys needed for social distribution, which is one of the hallmarks of Canadian society as opposed to that of other countries. As a result, until recently—and certainly since the great war—we have had a relatively content people who, as a general rule, are secure to some degree from the fear of illness, thanks to medicare, and from extreme poverty, thanks to welfare and unemployment insurance. The free enterprise system and the social mix which our party represents have been able as a general rule, from the fruits of free enterprise, to generate sufficient capital to keep the free enterprise system growing and expanding and at the same time to provide a contented, well-educated, healthy Canadian population.

In all marriages—and I call ours a marriage of convenience between free enterprise and social reform—the greatest strain is usually money, especially when we reach one of those infrequent periods of time in our history when proponents of social reform, who know the free enterprise system, look concerned and worried as to whether or not the necessary pool of capital is sufficiently large to retain or maintain our normal standard of living in the country.

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We hear from the opposition as spokesmen for free enterprise, not necessarily as endorsers of our social program, decrying the welfare state. On one hand they are calling for cuts and reduced spending, although they do not usually say where. But, when prodded, the strong proponents of free enterprise usually suggest cutbacks in medicare, transfer payments and unemployment insurance. They want to cutback on welfare and make people work by the sweat of their brow. They rationalize that people tend to be lazy, when we know the opposite.

On the other hand, there are those who view only the welfare aspect and constantly criticize free enterprise, and suggest that the enormous profits of the banks be additionally taxed. They propose to raise the taxes of private enterprise in order to pay for social programs while blatantly ignoring the

fact that there must be a balance on both sides if we are to survive and if that marriage of convenience is to continue.

The government should be concerned that at this time there is growing hostility in Canada. If that hostility grows between the supporters of free enterprise and those who push for social reform, to the point where they will not accommodate each other, we will then run the risk of destroying a system which has provided Canadians with one of the greatest standards of living in the world.

In other words, conflict reinforces our natural destructive tendencies. Due to this constant reminder that the government must somehow cut back, we are witnessing a challenge to growth at the very time we need it most. We are seeing an anti-science backlash when only science can save us. We find a condemnation of profits when profits pay for everything. There is unfair criticism of the free enterprise system when only that system can provide the growth we need in the 1980s.

I would say to those who condemn social reform as a necessary evil that it is social reform in Canada which has prevented a major depression of the stature and depth which was experienced in the hungry thirties. The carrying out of social policies at all levels in Canada has created jobs in government, education and social services. This has kept millions of people off the welfare rolls at one time or another and has provided incomes and temporary employment. It has helped reduce the misery index and has kept the work ethic alive for thousands of people.

The Economic Council of Canada has said that our social policies in this country have gone a long way towards eliminating poverty. I am not for one moment suggesting that poverty does not exist at this time or that there are no problems with welfare. I am simply saying that what is basically a valid and excellent social system, which is tailored for Canadian needs, is being strained.

It is a myth that social reform checks economic growth. When people advocate government cutbacks in spending—that is real spending, not a few dollars on advertising—on areas such as research, unemployment insurance and pensions, and that we must postpone our social programs, they tend to forget that social reform in many parts of Canada has fuelled economic recovery. Money for pensions, family allowances and welfare provides the purchasing power that keeps many of our smaller communities alive. Free education and subsidized university education has built a reserve of professional knowledge and technical skill in Canada which forms the foundation for advancement on every front. Our expanded health care is insurance against loss of productivity.

Even Ron Anderson, who is hardly a left-winger, made this statement in one of his columns in *The Globe and Mail*:

Regional redistribution of incomes through the unemployment insurance program, for example, is two to three times as important to the Maritimes as expenditures by the Department of Regional Economic Expansion. For the country as a whole, the UI program is one of the most powerful and sensitive of the automatic stabilizers built into the economy.

I repeat that the standard of living we have flows from the ability of free enterprise to generate the needed capital. It is