

*The Budget—Mr. Osler*

If all the western provinces are agreed that they need industrial growth in order to ensure meaningful lives for those who choose to live in the west, then surely the recent corporate tax cut on processing and manufacturing profits, plus the two-year write-off permitted for newly acquired processing and manufacturing equipment and machinery, will substantially reinforce these very desirable provincial aims.

I have said on many occasions, Mr. Speaker, that very few of the regional problems to be found in Canada can be solved by unilateral regional action. The government of Canada, by harnessing the resources of all the Canadian people, can help Canadians of any particular locality in a truly effective way. This budgetary measure is an apt illustration of what I mean. With the opening up of the Mackenzie River corridor to the north, with the development of trade to Asia and the countries of the Pacific rim, western Canada is at last in a position to take its rightful place in confederation. It could not do this without the help of Canada as a whole, any more than Canada as a whole could exploit its present and potential capabilities if western Canada were not a part of it. This being the case, we who live in western Canada are fortunate indeed to have a government here in Ottawa which understands these things, however imperfectly, and brings forward measures like those to be found in the recent budget.

During the debate on the government's policy toward foreign takeovers, the Leader of the Official Opposition (Mr. Stanfield) said:

We must have policies aimed at ensuring that Canadian industries, big and small, have access to capital for expansion and markets for the sale of their products and their services.

Anyone who wishes to take the measures proposed in the present budget, add to them a dash of the tax amendments passed by this House last December, then a handful of goodies from the bag containing all the measures that have been introduced to help the western farmer sell and deliver his grain, plus a good ladleful of seasoning from the Department of Regional Economic Expansion, can easily find that the resulting brew tastes mighty like the sort of policies for which the Leader of the Official Opposition is obviously aiming. Of course, it is not a perfect brew, Mr. Speaker. A government's job is to govern: it cannot always wait upon perfection; it must act on the basis of what it has near at hand. I think these measures are good measures but, as I have said, they cannot be considered to be perfect.

The hon. member for Sault Ste. Marie (Mr. Murphy) made several observations yesterday which I found interesting. He said we could not expect governments which were perfect; we could only expect governments which did the best they knew how. He said, as recorded on page 2471 of *Hansard*:

Should we compare ourselves with the United Kingdom where at the moment the unemployment rate is about 6 per cent, the inflationary rate about 10 per cent and the growth rate over the past 15 years has been only 4 per cent compared with our own huge growth rate? . . . Should we compare Canada with Sweden? There is probably more unrest in Sweden today than in any other country in Europe. The tax burden is so high that people are rebelling. That country has a socialist government. Should we be compared with the United States where inflation is running between 6 per cent and 7 per cent even with price and wage controls? Unemployment in that country is running at 6 per cent.

[Mr. Osler.]

Nobody in this government has ever claimed perfection. Nobody in this government has ever claimed it was doing an optimum job, the very best that could possibly be done. All that was ever promised was that we would try hard, and I submit that compared with other countries our record is good.

The hon. member for Dauphin (Mr. Ritchie) spoke yesterday. He is a man I admire greatly but I do not know that I agree with what he had to say. He said that the government's strategy of making tax cuts available to manufacturing and processing firms will not be of much value. I quote from his speech as reported in *Hansard* at page 2481:

These introduce a new measure of distortion into the function of the marketing system and substitute the judgment of the Minister of Finance as to what types of tax relief make for growth in our competitive system.

If that statement means anything, it surely means that the system was functioning perfectly, or much better, before the Minister of Finance made his recent budget statement. Well, he and his party have spent the last four years telling everyone how badly the system was functioning. I would say the hon. member cannot have it both ways. If the system was functioning well before the budget, and the budget has caused it to function badly, then what he said before was meaningless. If, on the other hand, it is functioning well now, his criticism of the budget is meaningless. He should decide out of which side of his mouth he wants to talk.

• (1630)

The hon. member for Sault Ste. Marie spoke about inflation and how regrettable it was, as did the hon. member for St. Paul's. I join with that view, as I suppose everyone in Canada would who shares concern for inflation. But I agree with both hon. members that our inflation is not as bad as that of other western industrialized nations.

Although we all regret inflation, few on this side of the House are woolly-minded enough to think that it will be cured by the application of simplistic proposals such as the one recently advanced by the Leader of the Official Opposition. Speaking in the budget debate on May 15, he pledged himself to a proposal whereby the calculation of personal income tax would be based on constant 1971 dollars. This proposal does not include a reduction in the level of any government services, but it does call for a reduction in the revenue from personal income tax. The gap that would result would have to be met by additional personal income taxes or increases in other taxes, such as in the sales tax; but he does not talk about that.

The leader of the opposition admits that his proposal would affect provincial revenues from personal income tax. In any year the consumer price index rose, the revenue of the provinces which base their tax on federal tax would drop and they would be forced to impose an additional amount of tax to maintain their revenues. If he thinks that this government has had problems with the provincial governments, just wait and see what would happen if anyone tried to put this dream into effect. Talk about balkanization!