

ruptcy. A year ago a proposal to index personal income tax was sheer folly. In May 1972, any measure designed to increase the purchasing power of the consumer was sheer folly and would only be spent on imports. In 1973, with unemployment at approximately the same rate, the minister has completely reversed himself. He is now increasing purchasing power and encouraging Canadians to spend money on imports.

The minister can hardly deny that his measures are, in fact, increasing competitive pressures on Canada's producers and manufacturers. There are many instances of this. I hope the minister is looking into them. I am sure they are being brought to his attention as they are to mine. In British Columbia, where the rate of unemployment is about 8 per cent, the plywood industry and the fish packing industry are now obliged to suffer from an added competitive advantage that the minister has bestowed upon imports. General Steel Wares, a manufacturing industry unique of its kind in Canada, is now confronted with increased competition from imported goods at a time when a more sensible policy would surely be to encourage expansion and sales at the domestic level.

• (1640)

I could go on to give other instances. I am merely pointing out that the minister has veered around in the course of the last year; whereas the whole thrust of the May 8 budget was to improve the competitive position of the Canadian manufacturing-processing industry, this has all been forgotten as far as the February budget is concerned. The effect of the February budget is to bring about a worsening of the competitive position of large sectors of the manufacturing and processing industries in our country. Last May we were told that measures to assist industry were the only effective way in which to create more jobs, though the minister admitted it would take some time for the measures he proposed last year to bring about the desired effect. But this year the emphasis has shifted completely.

I pointed out when I spoke on the budget in May, 1972 that the minister's proposal with respect to fast write-offs and with respect to the reduction in the corporate tax write-off in connection with operations of a manufacturing or processing nature contained a number of grave shortcomings. First of all, they were of no use to corporations which, although they might be highly efficient, were losing money because of competition. In other words, they would be of no help whatever to an industry which was earning no income upon which to pay taxation. Even more important, I said then, and I repeat, those proposals were of no use to new Canadian companies. New ventures do not look forward to making a net profit for a number of years. Consequently, the minister's proposals would provide no inducement at all to Canadians to undertake new manufacturing and processing operations. Obviously, if we are to succeed in bringing unemployment down to a satisfactory level we need many new manufacturing and processing industries in this country. The minister's measures constituted no inducement in that regard. Third, the minister's proposals did nothing, and do nothing, to encourage Canadians to invest more of their money in Canadian businesses and thus to play a bigger part in the ownership of our own economy. The benefit of

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the minister's proposals are, obviously, just as readily available and just as attractive to foreign capital as to Canadian capital; they are worth just as much to foreign subsidiaries as they are to Canadian-owned enterprises.

So, when we assess the value of the government's budgetary proposals, and say they are inadequate and inequitable in response to the needs of the country, we are pinpointing the lack of any co-ordinated approach, the lack of any real leadership. I think it is clear from what I have said today, and what I said in the debate on the budget, that the government has no strategy. There is no plan, there is no organized consistent thrust. The government just changes its proposals from year to year. Indeed, it changes them from month to month. There is no consistency in what it proposes to do. There is only the spectacle of a government fuddling through a grab bag of disconnected policies to cover up a crisis here or some need for expediency there, and this is surely a perverse luxury which cannot be afforded today.

Some hon. Members: Hear, hear!

Mr. Stanfield: As a nation, we must rely on support from a strong partnership between the public and the private sector. We are a nation which must believe in itself and which must invest in itself. We all know that these are fundamental truths. Knowing these truths, how did the government react to the fact that the over-all level of business failures in this country last year, particularly among small businesses, was the worst in any year since the depression? The answer to that question is, very simply, that the government did not react.

How has the government reacted to the fact that small business ownership in Canada is suffering severely from lack of adequate capital—I am speaking particularly of equity capital for expansion or for starting new enterprises? Again, the government has simply not reacted. Here is a vital segment of the economy, small business, which creates more goods and services and, possibly, more employment, than any other. And it is one which pays more taxes, perhaps, than any other segment of the economy. Does the government show leadership in promoting the development of small business? Is it disturbed sufficiently by the failure rate to be prompted to take quick action? Does the government offer partnership in risk-taking to make what is, really, the life blood of small business, that is to say, capital, available to this sector? The answer must be a very damning "no".

We have put forward a proposal. We sought to encourage the individual to invest in the expansion of his business or in any small Canadian business, to invest in any new enterprise on his own, or in partnership with others. We proposed a Canadian investment credit incentive, which would be available to any Canadian citizen making a direct investment in the equity of a Canadian-owned small business. The credit, which would amount to 50 per cent of qualified investments to a maximum of \$5,000 each year, would either be offset against the individual's income tax for the year, or rebated directly to him. Before the credit could be granted, the business would be required to register with the Department of Industry, Trade and Commerce, since only investment in Canadian-owned small businesses would qualify. Small business