turing and processing industries. I think most Canadians will welcome these as well. There has been some suggestion in some quarters of Canada, possibly not from the minister, that these provisions will help to counter the effect of United States legislation providing for the DISC program.

I gather that the DISC program is designed to prevent the multiplication of United States owned branch plants in Canada, and to provide encouragement to manufacture in the United States rather than in Canada. To the extent that the DISC program would prevent a further extension of branch plant operations in Canada, I am inclined to think it should be welcomed by Canadians rather than resisted. To the extent it would result in the withdrawal of branch plant manufacturing facilities which now exist, it would create short term problems because our manufacturing economy has been built up on a branch plant basis. Changes should be made gradually. Any sudden retirement from Canada of manufacturing operations which form the basis of the economy of particular municipalities or localities would cause a great deal of hardship. From a short term point of view, some legislation such as this to prevent hardship in Canada to established manufacturing operations is certainly to be welcomed.

In addition, of course, the general principle of reducing taxes on manufacturing and processing businesses is likely to be well received in Canada. Probably corporate income tax must now be regarded as a cost of doing business rather than as a sharing of profits with the State. In other words, any manufacturing company now has to try to make a reasonable percentage profit on its capital which will justify its continued expansion and continued capital investment. From this point of view, corporate income tax is now regarded as a cost of doing business, just as municipal and sales taxes or any other provincial or municipal taxes. A reduction in the corporate income tax should therefore have the effect of reducing the cost of doing business of these corporations. In time, this should make them more competitive in world markets. It should also in time and as a result of competition lead to a reduction in selling prices in Canada. This, of course, would also help reduce the danger of inflation. There are many good reasons this particular provision, reduction of the tax rate of manufacturing and processing businesses, is a good thing. I would hope, however, the minister would give some consideration to whether it might be desirable to introduce, perhaps over a period of time, a lower rate of tax for companies which are Canadian-owned as compared with other companies. The purpose would be to increase the number and competitiveness of Canadian-owned companies in relation to other companies. The present tax reduction, of course, applies to all companies. I think perhaps it must at the present time, in order to avoid the problems relating to DISC which I mentioned.

• (1540)

Personally, I should like to see long-term consideration given to the possibility of using the tax system to encourage wholly-owned subsidiaries of foreign companies to make their shares available to the Canadian public, to encourage Canadian companies and give them a competitive advantage over companies which are not prepared to operate in Canada upon the basis of a partnership with Canadian investors. This would be a long-term project which perhaps could not be introduced in this budget. However, I believe it is important that we should decide one way or another whether our program to ensure greater Canadian investment can be stimulated by the tax system or whether direct controls are required to do it. Certainly, it is well worth investigating the possibility of achieving what we want to achieve through the tax system.

In conclusion, may I say I welcome the budget provisions, particularly those relating to the escalation of pension payments and the tax provisions. While I welcome them, they are to some extent pragmatic and ad hoc provisions. I hope that before too long the minister will outline in greater detail the basic philosophy of the government in relation to the control of inflation and also in relation to the development of more efficient Canadian industrial organization.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, it is with a keen interest that I take part in the budget debate. The budget speech is always preceded by long comments and followed by comments now worthwhile now interesting now negative and now positive.

I should like, Mr. Speaker, to avail myself of this opportunity to discuss certain budget proposals and remind the government that certain suggestions have already been made and that it should give more attention to some solutions that could promote in our economy and social climate the stability we are looking for.

I am not suggesting that no efforts were made these last years; on the contrary. I also admit that results in some cases were worthwhile and in other cases insufficient. We need only look at our unemployment rate in 1968 and at the one we have today.

The Department of Regional Economic Expansion used great amounts of money to create new employment. The Department of Agriculture put forward some interesting measures in favour of farmers. The Department of Industry, Trade and Commerce succeeded in concluding excellent agreements with other countries. I am also thinking of certain capital injections made at different times of the year during the last four years.

However, all those efforts and accomplishments were inadequate. At any rate, we were not able to check the evil that we call unemployment. I acknowledge that suggestions were made by members from all parties. Some of them were accepted since the budget complies with them. The budget speech also includes worthwhile proposals from the government.

I had an opportunity to invite the government to organize more general meetings with businessmen, provincial authorities, union leaders and employers. In my opinion, the government has not managed, over four years, to find miracle solutions. I still believe that nobody in this House is in possession of such solutions. I am still convinced that the government will always benefit from more regular meetings with businessmen, provincial government representatives, union leaders and employers, focussing on a serious study of our ailing and troubled economy. Considering the expertise of such businessmen and representa-