

The Budget—Mr. Gillespie

because as percentage figures go up the government takes a larger proportion of our income. In fact, it can be argued that aside from the stimulatory justification for personal tax cuts developed earlier, personal tax cuts are needed on grounds of fairness.

It was mentioned earlier that the fiscal drag results primarily from increased personal income tax revenue collections. Since tax rates are expressed in terms of money income and not real income, personal tax payments increase automatically due to inflation as taxpayers are pushed into higher income tax brackets even though their real income may not have increased. To prevent the government from profiting by inflation, therefore, and to avoid reducing the taxpayer's real income through increased taxation, personal tax rates should, it may be argued, be reduced in some relation to the cost of living index. The amount of this reduction should be sufficient to offset the personal income tax contribution to fiscal drag. I would commend these proposals to the Minister of Finance and to his officials.

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, may I say how pleased I am to speak in support of the measures introduced by my colleague, the Minister of Finance (Mr. Turner), in the budget presented to the House last Monday evening. That budget had two main thrusts: it was designed to build on our economic strength, while at the same time helping those who are least able to help themselves. These are complementary objectives and fundamental principles of this government and, indeed, of all Liberals.

Mr. Turner (Ottawa-Carleton): Hear, hear!

Mr. Gillespie: My colleague, the Minister of National Health and Welfare (Mr. Munro), has already spoken to his bill introduced in the House yesterday. Bill C-207 is designed to maintain the purchasing power of those receiving old age security pensions and to supplement the pensions of those most in need. I hope—and I speak for all those on this side of the House—that this bill, together with the bill providing for changes in veterans pensions, will receive speedy passage. Because those two pieces of legislation will be the subject of a separate debate I do not propose to deal with that thrust of the budget this evening. Rather, I want to concentrate on the thrust which is aimed at building on our economic strengths.

In my speech this evening I want first to comment on the basic thrust itself. Second, I want to emphasize the importance of technology as part of this thrust. Third, I hope to show the close interrelationship between the budget and the policies pursued by various departments of government, including those of my colleague, the Minister of Industry, Trade and Commerce (Mr. Pepin), the takeover policy of the Minister of National Revenue (Mr. Gray), and the policies and interests of my own ministry.

Mr. Bigg: Spoken from the heart.

Mr. Gillespie: Finally, I have some comments to make on the position of the opposition parties. I regret that the

[Mr. Thomas (Moncton).]

Leader of the Opposition (Mr. Stanfield) has left the Chamber and will not benefit from them.

An hon. Member: He is looking for the cabinet.

Mr. Gillespie: It should by now be very clear that this government attaches the highest priority to the on-going development of competitive and efficient industry in this country, with emphasis on those types of activities which will create opportunities for the meaningful employment of well trained, highly skilled Canadians.

Mr. Horner: Would the minister permit a question?

The Acting Speaker (Mr. Laniel): Order. The hon. member for Crowfoot (Mr. Horner) knows he can only ask a question if the hon. member who has the floor accepts the question, and there does not seem to be such acknowledgement by the minister.

Mr. Gillespie: I will be pleased to entertain a question from the hon. member at the end of my remarks. He may be driven to ask a question or two when I deal with the position taken by opposition parties.

Mr. Horner: I am sorry, Mr. Speaker; I did not mean to make the minister lose his place in the notes of his speech. Somebody must have written the speech very well.

Mr. Gillespie: Now that we have heard the intervention by the hon. member, I will proceed. Our future standard of living and the future quality of life of all Canadians will depend on our ability as a nation to develop a competitive manufacturing industry—firms and industries which are competitive with the best in the world.

• (2100)

My colleague, the Minister of Finance, has reminded the House that we are a trading nation and depend far more on exports than many, if not most, other industrialized countries, and considerably more proportionately than the United States. The Minister of Industry, Trade and Commerce also emphasized in his speech today the measures that his department has taken to provide access to world markets, and he has commented on the particular aspects of the budget in regard to the effect of DISC and on the automotive industry of Canada.

The proposed reduction in corporate income tax applicable to manufacturing and processing profits, the proposal to extend the present depletion write-off privileges applicable to equipment used in mineral ore extraction to equipment used in processing these ores, and the proposed two-year write-off provisions with regard to machinery and equipment used in manufacturing or processing are all designed to improve the over-all competitive position of Canada's processing industry and—

Mr. Horner: When will they take effect?

Mr. Gillespie: —to meet the special and peculiar challenges proposed by DISC.

Mr. Horner: He does not know; it is not in the script.

Mr. Gillespie: As I have already indicated to the hon. member opposite, if he will wait till the conclusion of my