

There is, for instance a tourist psychology. It is always said that there are two freemen in this society: the investor and the tourist who are always able to go elsewhere. If they are not satisfied with the circumstances prevailing in a given country, if they are not satisfied with the social, political, economic or psychological climate, they go elsewhere. How can one explain this in detail? One would really have to be Freud or Count Keyserling or else André Siegfried to do it, but one cannot deny that there is a tourist psychology.

When I went to Ireland a few months ago, my life was not in any danger, at least not in the south. Yet, I was told that a number of people had cancelled their trip to Southern Ireland. This seems to me difficult to understand, to justify, but it is a fact.

When I was a student in Paris, as soon as bad news appeared in the press, the 5,000 Canadians who were there at that time would rush to the Canadian embassy to make reservations to return home. Why did they do it? I would not know.

Mr. Speaker, I am trying to explain that it is not in denying the existence of the investor psychology and the importance of the psychology of investments that we will contribute in any way to solve the problems connected with economic development in Canada.

So I say right at the start what I had planned to say in conclusion. What seems greatly important to me in the present budget, in the reform announced by the hon. Minister of Finance (Mr. Benson), is precisely that psychological switch, that change in atmosphere, the effort to regain the confidence of the Canadian people and particularly of industry.

No matter whether the hon. member for Waterloo may consider it to be madness, consider it to be unjustified, it will remain a fact and to my mind an important one.

Reducing personal income tax, reducing corporation taxes, retaining lower interest rates for small businesses, switching from a surplus budget to a deficit budget, all these are factors which will contribute to psychological change.

And besides the psychology of owners and investors, Mr. Speaker, there is also the psychology of the workers, and from that point of view I believe the changes provided for by the budget and the tax reform, to fulfill some claims originating with the labour force, and which have been submitted for some time with respect, for instance, to the possibility of deducting baby-sitting charges, moving costs, as well as expenses involved in the purchase of tools, will certainly help improve workers' motivation in the industrial sector.

I said a short while ago, Mr. Speaker, that the economy was already picking-up at the time the Minister of Finance was delivering his budget statement and announcing the different aspects of the taxation reform. Time does not allow me to develop this topic but it is evidenced by the increase in the demand for goods and services and in actual purchases. During the first quarter of 1971, consumer expenditures went up by 6 per cent as

compared with the fourth quarter of last year and by 18 per cent in the case of durable goods.

Here is another example: a revival in housing construction. In this area, the increase amounted to 22 per cent for the first quarter of this year as compared with the fourth quarter of last year. This goes to show that our economy was already on the move and well stimulated.

But the question is, was it enough? Obviously, the hon. Minister of Finance and the government of Canada thought that it was not. As the Minister of Industry, Trade and Commerce, I can only realize that for the past year industrial production has not been exuberant, if I may use this expression. The boiling point is far from being reached, Mr. Speaker. And to be convinced of this, one need only read current statistics concerning industrial production, particularly in the manufacturing sector, which represents three quarters of industrial production. Speaking generally, because I have details in my notes, one can say that there has been no change, except for a slight decrease in industrial and manufacturing production, particularly since early 1970.

I am not at all in agreement with the rather crude interpretation of this index made by some members of the opposition. In fact, close scrutiny reveals that there was regression in some sectors but that most others reported growth. I am not denying that as a whole the situation is unusually stable, so to speak.

• (4:10 p.m.)

[English]

I should like to quote now from an analysis of industrial output which shows that 8 of the 12 sub-groups of the non-durable industry moved upward in April. The main decline was in the non-durable group and occurred in the paper and allied industries like printing and publishing. In the durable group, manufacturing, six of the eight sub-groups moved upward in April with wood products, electrical products and the non-metallic mineral products industries showing significant gains.

The general impression is then one of no buoyancy, but of good growth within these different sectors of manufacturing. My conclusion was very straightforward. Things were not moving fast enough. As the hon. member for Edmonton West (Mr. Lambert) said this afternoon, the national product was rising by 4 per cent which was too low to give us the employment we needed. This is why the Minister of Finance (Mr. Benson) announced the budgetary changes, and they are quite justified.

[Translation]

I need not single out those changes but the increase in purchasing power—if you put together the three items mentioned in the budget—amounts to \$135 million, for which the taxpayers will not have to go to their pockets until the end of the year. Of course, this is also a substantial incentive.

From an industrial point of view, the reduction in corporate income tax, the repeal of the corporate surtax of 3 per cent and the gradual decrease in the corporate