

*Effect of Budgetary Proposals*

**Mr. Danson:** They will be guaranteed under this government. So we must look to other ways for people to be absorbed into the labour market. I should like to explore, because it was mentioned by the leader of the NDP, the establishment of, say, a national youth service which could absorb many of our young people. Much of our unemployment affects those who are under 25. Young people could participate in the service. I am not talking about conscription; I am talking about non-military, non-compulsory national service. I have spoken about this suggestion to many young people in my riding and elsewhere and they are terribly interested. They want to help build better communities and parks and work on the ecology. For instance, in Toronto they could be employed in building a park of the same sort as the one in the Gattineau Hills where there are 30 miles of ski trails, woods and lakes. We are in the process, in Toronto, of expropriating 17,000 acres which can be used for that purpose. We must consider areas such as these if we are to provide new employment. As a supporter of the government, I urge the House to look more closely at such areas.

We must be careful, when debating economic affairs, not to get any distorted idea of profits. Profits in themselves are not evil. I have said many times that it is the lack of profits which is evil, since when profits are lacking the economy is not working properly. Certainly, excessive profits are not good, neither are excessive dividends. I am interested in the proportion of earnings retained and distributed in other countries. That is something we ought to consider when studying the question of our own corporate taxes.

Corporate tax cuts are not a corporate rip-off. Let me explain what happens to profits. First, of course, they are taxed. That part which is left after taxation is reinvested, and that money creates jobs and increases productivity. It leads to research and development and to various types of innovation. Without these activities our industry could not maintain its competitiveness, survive and provide the jobs that are needed, let alone provide new jobs. Some of the dividends are distributed and are taxed again. As I say, a substantial part of the money left is reinvested.

I do not think one can claim that the present system is completely equitable. I do not think any system is completely equitable. Nevertheless, the system works in a rough and ready way. We should see to it that it works more fairly, more equitably and with more compassion. We should care more for the underprivileged in our communities and for those who do not have enough drive to go out, build businesses and make work. Business is not the only thing that makes life worth living; it is only part of life. There are many other worth-while endeavours which are just as worthy as those involving business and making money. Nevertheless, I suggest that we cannot do very much in our society unless the private sector is successful and encouraged to be productive and competitive. The government is trying to make certain that the private sector is successful and is responding to the challenge.

I do not think it is possible for one to be specific and say what one will do in responding to the variety of crises which arise on the international scene, particularly those involving the United States. We have talked in this House

[Mr. Hellyer.]

about problems pertaining to the automotive trade agreement. Because of our actions in the fifties we established a basic manufacturing industry in this country that was able to expand and take advantage of the automotive trade agreement. It may be that the tax provisions of the previous budget will give our businesses a fighting chance; I do not know. Perhaps they will permit them to respond to changes which might be made in the automotive trade agreement, although I do not think any changes are anticipated.

We must maintain our flexibility and the health of the private sector. We must not pin down our businessmen; we must permit them to be flexible and give them a fighting chance. We must do much more, as well, for smaller businesses and provide working capital at reasonable interest rates, as the leader of the New Democratic Party suggested. This could be done by helping them under GAAP, by guaranteeing bank loans and by other measures. Although such businesses cannot borrow at prime interest rates, I think they ought to be able to borrow money at rates one point and a half below rates otherwise prevailing in the market. The Small Businesses Loans Act has failed, I submit, because interest rates have not been sufficiently attractive to encourage banks to lend. The amounts involved are much too small.

The Leader of the Opposition suggested, I believe, that a small business should be defined as one with \$1 million net worth and \$10 million turnover. I would try to avoid a rigid definition of small business. In speaking to Mr. Tom Kleppe, the head of the United States small business administration, I learned that they avoid definitions like the plague because what is a small business in one place may be a very significant business in another. The business doing several million dollars worth of trade in Toronto, Montreal or Vancouver may be considered small in those places but may be considered large in, say, Moncton, Halifax—I would not say Sherbrooke—or Bracebridge.

I suggest that there is no simple answer to our problems. The government is seeking to provide the answers necessary. It has responded well to the needs of our community both in the budget just debated and in the budget of May last year. Hon. members are playing games when they try to suggest that the government is not doing what it ought to do and that others could do better. So far I have not heard what those better things are. I listened, I heard the mountain in labour, I heard the mouse squeak, but I did not hear any answers. For that reason I suggest we should get on with the job of running parliament efficiently and helping industry, instead of waiting for so-called new answers. Let us help industry to produce. The government is doing its best to encourage industry.

The people of this country will not be given a fighting chance unless our industry is progressive and responds to needs. Our taxation system must be fair and equitable. When we talk of giving concessions to manufacturing industries, we are not talking about mining companies, we are not talking about trust companies, we are not talking about banks and we are not talking about doctors or lawyers. We are talking about encouragement being given to people in manufacturing and processing businesses.