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He cut both the prices and taxes, and plugged loopholes. Chrétien decided to hang tough rather than give in to opposition demands for deductibility of mortgage interest payments, massive spending on housing and transportation, or any vote-grabbing gimmickery.

Something even bigger is happening for manufacturing, the government's industrial strategy program through the federal-provincial conferences.

The GATT meetings also have an important bearing.

Now we are starting to get the general background to this budget. In the *Financial Times* it was said that this is a "non-political budget" and, to its credit, "not dramatically stimulative." It goes on to say:

But a major upturn is just around the corner. Let the recovery take place of its own momentum, helping it along very gently, and not attempting any measures that might diminish business confidence or put increased pressure on the dollar.

Chrétien and his advisers are pinning their main hopes for improved performance on forces already at play in the economy; the devalued dollar, controlled labour costs and increased corporate investment plans.

One of the key aspects of this budget is the background economy against which it is set. The *Financial Times* describes two reasons for the budget at this time as it plays its small part in the whole economic picture. They are, first, an accounting of the August announcements made by the Prime Minister (Mr. Trudeau) and, secondly, some useful measures which are better than nothing.

In terms of positive community reaction, it has come from the various business associations, such as the chamber, small business, CFIB, the CMA, and the CIA. We have had a positive reaction from the area of construction and housing such as HUDAC, the mortgage associations and the Ontario Construction Association. Other positive reactions have come from such sectors of our economy as steel, Stelco; automobile manufacturers, such as Ford, and banks, such as the Bank of Commerce and the Toronto-Dominion Bank. There has also been a good reaction from some of the provinces, including my home province, Ontario, one of the key provinces in our economy. We have had good reactions from various economists and from the media. It is a fair cross section of the Canadian community.

There are always complaints. There are two or three areas where I would like to see improvements, and I would like to mention them, in the hope that the government will perhaps take a look at them to see if something can be done. One area was mentioned earlier today, that is automobile sales. Many automobile dealers are stuck with cars on their lots which will be more expensive than the new ones because they were purchased before the manufacturers' sales tax was reduced from 12 per cent to 9 per cent. Perhaps it could be written off as the luck of the game, because we did not hear from the car dealers in the spring when the provincial sales tax cut took place. We heard from the consumers then because they were the ones who lost out by buying one day early. However, it amounts to a lot of money to these dealers, and apparently there are precedents where the government has provided rebates, I believe, in the years 1958 and 1974.

There is also concern in the area of personal service corporations. Here the special rate of tax was provided for small

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businesses in manufacturing, not services. It was provided for small Canadian businesses competing against large foreign owned ones. It does not apply to athletes or entertainers who have been incorporated and have had the advantage of low tax rates. However, there are concerns from people providing services who are incorporated, such as people in consulting, various kinds of management services, and perhaps development services. People in these areas can put up the argument that they are providing something valuable for the country and the economy. Certainly they are providing employment which may be reduced if they have to scrap their small corporation. Perhaps we have cast the net a bit too wide and some adjustment could be made there.

Another area of concern, a matter which is held over from the April budget, is the area of RRSPs. The minister was good enough to take care of the problem of child dependants whose father and mother are killed at the same time. According to the information I have received, there still remains the problem of widows who are under age 60 who cannot afford to transfer their husband's RRSP into some other plan or annuity upon his death. These widows need the cash to live, but they cannot afford to pay income tax on it. They are in a very poor financial situation, and it is aggravated when they see civil servants able to retire at an unusually young age. The widow, however, is held to age 60 on this particular benefit.

One of the difficulties for the public is understanding budgets. I think that the media provides good coverage for the public if they will use it and refer to past budget developments to point out adjustments which should be made. The limitation of a budget is that it is supposed to provide a few specific changes, but things do vary from time to time, and it may not necessarily be the same type of thing each time. For example, in one case it may have an effect on the general economy through what economists call macroeconomics, and at another time it may be individual benefits or microeconomics. In some cases it can even be a combination of both.

It is all part of the ongoing process built up through previous budgets and other major programs which influence the economy. For example, perhaps even more important than this budget, are the GATT negotiations presently going on in Europe which will affect our trade for a long time to come and have an effect on all levels of government. Another influence would be federal-provincial conferences, such as the one coming up. It is an important area of industrial strategy. I think all parties agree that it would be beneficial to have an industrial strategy. The only question is, how do we get there? I think at the present time there are some very exciting happenings which are the outcome of our federal-provincial conference on the economy. We had one in February and another one is coming up soon.

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One of the main programs coming from that conference was a study of our industry and a positive basis for long-range planning. It was a study, in the first instance, of 23 sectors of the economy, and leading from that, there was a more select