

The Budget—Mr. Wise

the future. We hope they will survive and not drown in the process. Yes, the strong and the rich will survive; many of the others, unfortunately, will endure further hardship.

It is almost unbelievable that absolutely no measures for agriculture were contained in the budget. This government that avows a policy to increase production seems quite content and satisfied to let milk producers sell their product at or below the cost of production. It seems satisfied to let beef producers sell their product at 40 cents per pound while the cost of production is recognized to be 60 cents; it does not take into account beef cow prices at 10 cents to 15 cents.

The budget contains no tax concessions whatsoever to producers of food products. I ask the minister, where, in his 18,000-word document, will I tell producers to find the item to encourage them to continue in business and, indeed, to increase their production? I am aware of one item involving a tax increase. The minister has told tobacco producers in southwestern Ontario that they will once again have to shoulder an extra tax burden. This is not the first occasion, of course, when these producers have been called upon to bear extra costs. Too often they have received political wipings from this government.

The budget does little to assist small businessmen or to dispel their concerns over lack of capital. An article in the *Financial Post* of November 23, 1974, entitled "Small Firm Necks in Tight Credit Noose" and written by Roger Worth clearly and accurately describes the near drastic plight of small business. Mr. Worth indicates that Canada's small businessmen are turning to leasing companies, factoring firms and even finance companies in attempts to beat a major cash crunch. Tight credit rules and cash shortages force small operators to pay suppliers on a cash on delivery basis rather than the usual 30, 60 or 90-day terms. Proof of this situation was indicated when a finance company manager made it known that loans to small businessmen and entrepreneurs were on the upswing. He indicated that his company was getting good credit risks who were paying between 16 per cent and 24 per cent for money because they had reached their credit limits at the banks. This is certainly not a healthy situation.

This sector of which I have been speaking, Madam Speaker, forms the backbone of our economy. This sector is responsible for providing stability to our economy and social well-being to our lives. It is also vitally important in that it employs approximately 60 per cent of our labour force, and these people are not protected by large unions who can look out for their interest. Seldom are they protected by labour contracts and cost of living benefits, or "COLA" clauses.

It must be recognized that some business ventures are extremely risky; others are doomed to failure. On the other hand, our large, progressive and sound operations of today in most cases experienced small, perhaps somewhat uncertain and shaky beginnings. The lack of working capital is a serious problem and the budget does nothing to help remedy the situation. The lack of adequate mortgage money, and record high interest rates combined with inflated prices, have played havoc with residential development and home construction at a time when our housing needs have never been greater.

[Mr. Wise.]

● (2010)

Canadians have witnessed a slump in housing starts ranging from 20 to 30 per cent. Ad hoc programs have no doubt assisted in a small way, but have fallen far short of the needs of Canadians.

With regard to the \$500 grant for first time buyers of new homes, a measure contained in the May budget and introduced by the Minister of State for Urban Affairs (Mr. Danson) a short time ago, how effective can this measure be when it is estimated that only one purchaser out of 200 will qualify? Surely the Minister of State for Urban Affairs must be less than enthusiastic about this program. I suggest this program would be greatly improved if buyers of older homes could also qualify for this grant.

The real problem in the supply and demand aspect of the housing industry is caused by high interest rates and a critical shortage of mortgage money. Until these are modified it is difficult to imagine any substantial improvement or real progress being made.

I want to say a few words concerning the minister's heralded tax cuts. The minister's contention that income earners keep his new tax cuts in mind when forming their wage demands is nothing but whistling in the dark. The year 1975 will no doubt see an unprecedented string of strikes, both legal and illegal, accompanied by excessive wage demands and excessive inflationary settlements.

Labour leaders, because of spiralling unchecked inflation, are forced to make demands according to what they think the cost of living will be in the coming years, and their estimates are invariably extremely high. This is no great wonder considering that the government does little to ease the fears or increase the confidence of these wage earners who cannot be blamed for looking out for their own interests.

To repeat as I began, the budget is not all bad. Some of its provisions are welcomed. Its failure lies in the fact that it does not go nearly far enough and that it involves a little too much hoping, and perhaps even praying, than it does concrete changes in economic policy that will help us to cope and effectively deal with the inflationary pressures ahead.

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, it is a pleasure to take part in the debate on this particular budget in view of its interesting and rather unusual history, as a budget which in large part was put before the House on an early day in May. Although it was received with a great deal of acclaim in many parts of the country, it was less well received by the House in the mood it was in at that particular moment. It is a budget which was defeated in the House of Commons but sustained by the electorate in Canada. Therefore it is basically put before the House of Commons again with the endorsement of the best possible kind.

Having had a budget sustained by the electorate in this fashion, the Minister of Finance (Mr. Turner) found it possible to put before the House, notwithstanding that, some significant improvements in the budget and its overall approach. One or two of these, like the change in the reduction of the sales tax in housing, were as a result of a change in the circumstances. This led the minister to