

petition domestically and challenge foreign companies for markets abroad.

Today I am announcing new measures to assist Canadian workers and managers to build a more productive and competitive economy.

[Translation]

#### EMPLOYEE PROFIT-PARTICIPATION PLAN

The key to our success is productivity. Investment in modern equipment is critical. So is education, training, and research into new techniques of operation. But equally important is "putting it all together", and putting it all together comes down to individual Canadians co-operating in the workplace to make a better product at a lower cost.

Innovative managers are recognizing this. Traditional management techniques are adapting to changing attitudes and rising expectations of workers. Workers today want to be informed about their company's goals and performance. They want to understand why, as well as how, things should be done. They want to participate in the decisions that affect their work environment and the security of their jobs. And they want their own contribution to the success of their company to be recognized and rewarded. Responding to these legitimate ambitions can provide substantial benefits for management and workers alike.

[English]

The government believes improved labour-management co-operation in the work place is fundamental to economic growth.

I am therefore proposing today to encourage this process with tax assistance for a new Employee Profit-Participation Plan.

The government will provide a tax credit of 10 per cent of the profits shared under the Plan. Sixty per cent of the tax credit will go to individual workers; forty per cent will go to the employer.

The Employee Profit-Participation Plan is designed to complement the collective bargaining process, not replace it. Experience has shown that to succeed, profit-sharing cannot be a substitute for competitive wages.

Any company wishing to establish a plan must form a labour-management committee. The details of the Plan will have to be agreed upon by both workers and management.

I shall table a paper with this budget providing details of how the Plan will work. I want to proceed with legislation that will allow such plans to begin in the 1985 taxation year. I therefore intend to consult without delay provincial governments and representatives of the business and labour communities to seek their views and co-operation.

I also intend to broaden the tax assistance available to employee stock option plans. Employee stock options are important in compensating dynamic and entrepreneurial employees. They provide such employees with incentives

#### *The Budget—Mr. Lalonde*

directly related to their ability to increase the productivity, competitiveness, and growth of their company.

[Translation]

#### AID-TRADE FUND

Public support can do much to enhance the role which our private sector can play in international development.

In my April budget, I stressed the importance of exports to promote recovery and expansion. I established a Special Recovery Export Financing Fund of \$180 million to enable the Export Development Corporation to provide greater assistance to exporters.

The developing countries offer many export opportunities for our private sector. However, many of these countries are experiencing unusually serious balance of payments problems which are impeding their development efforts and thus their capacity to import. Their decisions to undertake investments and capital projects often hinge on the availability of external financing on concessional terms. To respond to these needs, for our own benefit as well as theirs, we shall require closer co-ordination of our development assistance and our export financing policies.

● (1640)

[English]

In the Speech from the Throne, the government reaffirmed its commitment to devote 0.5 per cent of GNP to official development assistance by the mid-1980s and 0.7 per cent by the end of the decade. This commitment will require an expansion of Canada's traditional development assistance programs; it will also require new policies and new delivery channels.

In this regard, I am announcing that the government will allocate up to one-half of the increase in Canadian official development assistance, as we move towards the target of 0.7 per cent of GNP, to create a special fund in support of an expanded role for Canadian firms in developing countries. By 1990, as much as \$1.3 billion could be allocated to the fund to provide financing for projects which have high priority in recipient countries' development plans, for which Canadian firms are competitive and for which development assistance financing is required.

The government will develop guidelines for the use of this fund in consultation with the business community. The object will be to help Canadian firms to provide additional goods and services in support of Third World development and to increase the Canadian share of procurement in multilateral development projects. It will also be the government's intention to enhance industrial co-operation between Canada and developing countries.