

A great deal has been said about incentives and measures to improve the economy. I suppose this regional development bill can be related to last week's budget which contained measures designed to help certain areas of Canada. However, the government has been responsible for creating a great many deterrents to improving the economy. One of the strongest deterrents is the government's white paper proposals on tax reform published last year. Not much mention is made of it at the present time, and very little mention was made of it in the budget speech.

Public reaction to these proposals across the country is one of the chief reasons for the government now attempting to stimulate the economy through other measures. In a great many areas that have an uncertain business climate, many businesses have alleged that their tax position would be such that they would be unable to operate. If we could eliminate what I might call the threat of a tax disaster hanging over the heads of businessmen today, then many of these measures in regard to regional economic incentives would not be required. The continuing depression of the thirties was not so much the result of a lack of money in the business community as a depressive psychology on the part of the people. I think the same condition exists today, and until we eliminate this depressive psychology all the regional incentives in the world will be of very little value in improving the economy.

A word now about increased incentives and plant capacity. In last week's budget, the mini-budget or whatever it is called, mention was made of improved capital cost allowances. Plant capacity in Canada in many areas is now over-extended, so it is very hard to see how these additional incentives will improve the economy.

One cannot participate in a debate like this without mentioning economies of which the government itself should be more conscious. Many members of the House have suggested that taxation should be reduced. At the same time, they say we should improve our social security measures. The government says we simply cannot have both, and to a degree I think they are right. However, the question of economy in government itself receives insufficient attention. This is something that tends to be ignored, yet it is one of the greatest leaks of taxpayers' money that we have. I suggest that taxes are one of the largest disincentives to business. This may not be a very popular thing to say, but if you do want to stimulate business I suggest that tax cuts at the lower income level are not necessarily the answer. In order to get industry and business moving forward you must grant them tax concessions.

I think another disincentive to business is the current rate of the Canadian dollar. Today we are not in a very good export position, though I do not think we were in a very good position anyway. I feel that if the dollar rate were brought down again, this would do a great deal to stimulate business activity.

It was announced last week that the oil situation in the United States, as far as Canada is concerned, had improved. Much was made of this and of what a terrific

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bargaining job we had done. However, I think most people realized that it was simply the way the political situation in the Middle East, in North Africa and the Arab countries had developed that brought this about. On the other hand, I think it is almost inevitable that export markets for oil in the United States will improve; that the United States will be willing to take all the energy that we can supply them. Only yesterday I read in the newspaper that some manufacturing plants in the U.S. will have to shut down this winter because the available energy will be required to supply homes with heat and light. As I say, sales of energy to the United States are inevitable, and in this regard we are in a tremendous bargaining position.

If the United States is in trouble in regard to supply of energy, then it is up to us to negotiate with them about bringing manufacturing industries to Canada, and particularly to western Canada where there reside great resources of energy, such as natural gas and coal. It would be far more economical to establish industries in this kind of environment, in areas where they would not compete with homes for energy supplies. This is an area that to date we have not—I do not want to use the word exploited, because I am sure that is not the way most of us think of this—taken our bargaining position in relation to the supply of energy seriously.

● (2:20 p.m.)

One of the major problems in respect of industry in Canada is low productivity. It seems that labour negotiations will never become simple in this country. We are to be faced with continued labour strikes. Union management consider business management as their enemies, and they feel they must take advantage to the greatest extent possible. I suggest that labour should have a piece of the action because there is nothing more depressing to an individual than to work in a factory at a forge or a punch press for 10 or 20 years. Nothing will result but despair and a revolt against the system.

If we are going to make everyone feel a part of Canada and ready to go ahead, we must incorporate some kind of incentive. This may have to be initiated by the government. Factory workers must have a part of the action. They should have the opportunity to participate in ownership rather than just profit-sharing. Profit-sharing is a good idea, but in order to involve these people I believe they should become shareholders. This is one area of an incentive program the government should not overlook. Perhaps this suggestion does not fall within the jurisdiction of the Department of Regional Economic Expansion, but if we intend to continue the free enterprise system we must see that the factory workers, who are inclined to become disenchanted over the years, get part of the action. Otherwise, this system we treasure so much will not last.

Like so many other members, I have been disappointed in the role the agricultural industry has had to play in the development of our economy. There is very little mention of this area of our economy in the white paper on taxation. Certainly, there are no concessions given to