

Economic Conditions

anti-inflation program, for the stimulative measures provided in the budget, and for the direct employment measures, the Canada Works program and the Young Canada Works program outlined to the House by the Minister of Manpower and Immigration (Mr. Cullen).

The measures proposed in the budget will create employment, encourage investment and foster regional growth. They will improve the equity market and improve the cash flow of business as sources of funds for expansion. They will particularly help small business. They will help sustain consumer spending and provide further tax relief to Canadians with modest incomes.

On the investment side, the 5 per cent investment tax credit, which was due to expire June 30, was extended for three more years. This measure has been very important for our manufacturing and processing industries. The scope of the investment tax credit was broadened to make eligible capital and operating expenditures on scientific research and development. To provide additional assistance to slow-growth regions the rate of the investment tax credit was raised to 7½ per cent in Saskatchewan, Manitoba, northern Ontario and designated regions in Quebec. For the Gaspé and the Atlantic provinces the rate was raised to 10 per cent. A number of measures were introduced to improve the market for equity investments. These measures, the most important of which was a major increase in the dividend tax credit, are estimated to provide tax relief of \$300 million and should greatly increase the flow of funds available for business expansion.

In the recent budget the federal government continued its efforts to improve the position of small and medium-sized business. In addition to the investment tax credit measures and the dividend tax credit measures already mentioned, the Minister of Finance introduced a number of technical amendments which will prove of great assistance to small business and are designed to allow key employees to participate in such business.

On the personal income tax side, in addition to the indexing of the personal tax system which occurs automatically at the start of each year measures were introduced in the budget to provide extra deductions against federal tax payable. These measures are valued at almost \$400 million in 1977. These budget measures provide a strong boost to the economy and will certainly result in additional jobs.

On May 7 and May 8, Canada, together with the United States, the United Kingdom, France, Germany, Japan and Italy took part in the economic summit in London. The Prime Minister (Mr. Trudeau) and the Minister of Finance emphasized the critical importance of dealing in a systematic and co-ordinated way with the economic problems facing the western world. This approach was welcomed by all the leaders present and provided the basis for the Downing Street declaration which was issued following the summit. I would like to quote a few sentences from that declaration because they summarize the approach being taken by Canada and our

[Mr. Buchanan.]

western allies toward solving the economic challenges before us:

The world economy has to be seen as a whole—

That is a point which, as I suggested earlier, seems to have eluded our colleagues opposite.

—it involves not only co-operation among national government but also strengthening appropriate international organizations. We were reinforced in our awareness of the interrelationship of all the issues before us, as well as our interdependence. We are determined to respond collectively to the challenges of the future.

Our most urgent task is to create more jobs while continuing to reduce inflation. Inflation does not reduce unemployment. On the contrary, it is one of its major causes. We are particularly concerned about the problem of unemployment among young people.

We commit our governments to stated economic growth targets or to stabilisation policies which, taken as whole, should provide a basis for sustained non-inflationary growth.

We will provide strong political leadership to expand opportunities for trade to strengthen the open international trading system, which will increase job opportunities. We reject protectionism: it would foster unemployment, increase inflation and undermine the welfare of our peoples.

The message of the Downing Street summit is thus one of confidence:

—in the continuing strength of our societies and proven democratic principles that give them vitality;

—that we are undertaking the measures needed to overcome problems and achieve a more prosperous future.

This is the way responsible governments face up to economic challenges, Mr. Speaker. This is the way responsible governments solve economic problems. I suggest it provides a more useful approach than the pious and, in many ways, erroneous motion put before the House today.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, first of all, I wish to congratulate the mover of this motion, the hon. member for Lotbinière (Mr. Fortin), and judging from the support from the other opposition parties, we could say he hit the target.

Mr. Speaker, talking about inflation, unemployment and poverty has been a constant practice for several years. One can see it everyday in the newspapers, as well as on television and radio. So, we are not saying anything new when bringing up those issues in this House on behalf of our constituents and all Canadians, regardless of their language, religion, nationality, age, sex, whether they are the minority or the majority, rich or poor. Everyone suffers from inflation, unemployment and poverty in a country with such a high economic potential and gross national products.

● (1650)

We know that Canada's gross national product is \$190 billion, or an average of \$8,300 per person, one of the highest averages in the world. Therefore, how is it that so many people suffer hardships, poverty, unemployment and lack the necessities of life? I ask the question, but I know the answer. Even if the production is great, the cause of all our ills is poor distribution of this production. From an economic standpoint, this poor distribution is caused by the government's lack of foresight, since it has all legislative powers concerning money,