

Canada Weekly

Volume 6, No. 9

March 1, 1978



Ottawa, Canada

Expansion of private industry main spark of Canada's economic growth, 1

Diagnostic advance with radioactive iodine — pilot project, 3

Canadian embassy in Kuwait, 3

Highways go metric, 3

Preliminary statement of Canadian trade — December 1977, 4

News of the arts — writer exchange, music, film, 5

A homesteader looks back, 6

Visit to drought-stricken countries of West Africa, 8

News briefs, 8

Expansion of private industry main spark of Canada's economic growth

The Prime Minister and provincial premiers agreed on a number of economic matters at the Federal-Provincial Conference of First Ministers in Ottawa, February 13-15, although Quebec was not in agreement with the total substance of a *communiqué* issued at the close of the Conference.

The *communiqué* stated that steps would be taken to: "facilitate the setting of economic objectives; improve demand management policies; foster responsible price and incomes behaviour; strengthen the business investment climate; and further shape trade, industry, energy, manpower and regional development initiatives".

Expanding private industry was cited as the major impetus for growth in the Canadian economy.

Prices and incomes

After controls are phased out, "the common sense and realism of all Canadians must be relied upon to avoid any renewed outburst of inflationary pressures", states the *communiqué*, and, in this regard, consultations between government and the private sector "would be crucial in lowering the rate of inflation to the target level of 3.5 per cent by 1981".

The Economic Council of Canada will analyze price and cost developments for a while when controls are lifted. It will draw public attention to any cost price movements that might threaten economic objectives.

The Conference agreed that the total compensation paid to public employees "should not lead the private sector".

Business environment

Foreign investment is welcome in Canada, the *communiqué* states, "wherever it is consistent with national or provincial objectives". And the federal-provincial corporate tax structure, which appeared to be internationally competitive, must remain so.

A review of the taxation of the petroleum and mineral industries will be undertaken by finance and resource ministers.

Improvement of tax incentives or credits to industry for research and development, expansion of employment opportunities in these areas and increased dissemination and application of existing technology were other steps to be taken jointly by the Federal Government and the provinces.

Trade and industry

A federal-provincial advertising campaign: "Create-a-job — buy Canadian" was recommended in an effort to replace imports.

The Federal Government will continue to keep the provinces informed on the progress of the General Agreement on Tariffs and Trade negotiations.

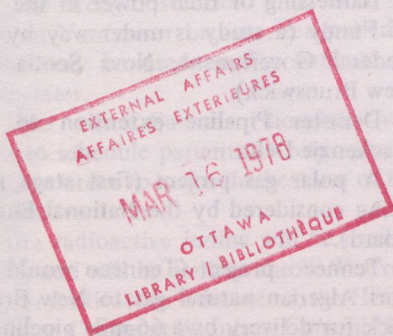
Continued growth in exports is important enough for Canada to seek increases by reducing tariff and non-tariff barriers, particularly in the export of processed raw materials. Greater export opportunities should be sought for agriculture and fishing products, machinery, equipment, petrochemicals and automobiles.

Regional policies

"First Ministers strongly affirmed the importance of reducing regional disparities," the *communiqué* stated, "and the continuing need for review and expansion of programs for regional development, based on the longer-run economic development potential and transportation requirements of each province and region." The Department of Regional Economic Expansion will continue to be a major federal agency for these purposes.

Energy

The Conference strongly affirmed the importance of reducing dependence on foreign sources of energy and agreed on the necessity of conservation, substitution of energy sources and the need for



Mar 16 78