

*Income Tax Act*

community clean-up, hospital auxiliaries, dock improvement and other kinds of community improvement.

Equally important this fall will be the Canada Works Program under which the government will be spending \$175 million across Canada for the coming winter and some \$50 million for the economic component aspect of the employment strategy. Some \$26 million of this will be spent, I understand, in reforestation projects. I think that is an excellent approach because communities are sometimes unable to come up with good projects, and reforestation is an ongoing need in many areas of our country.

Companion to the direct employment program has been the expediting of major capital projects like the northern gas pipeline project which has been approved by this House. We are now waiting for approval by authorities in Washington so that the project can get under way. It will pour some \$4 billion into the economy of Canada and create some 100,000 man-years of work during the next few years.

We hear a great deal of gloom and doom in this place. I suppose it is the nature of the House of Commons that some bad-mouth the Canadian economy and the difficulties we have in this country. However, there are many positive aspects to our economy, and perhaps from time to time we should look at them. For instance, the Minister of Finance has indicated that we probably will round out the year with a 4 per cent to 5 per cent growth in the Canadian economy. Our exports over our imports are moving ahead. During the first quarter alone there was a \$1.4 billion surplus of exports over imports. That compares with a total export surplus last year of \$2.9 billion. The figures for this year look very promising in that regard.

In February of this year some 280,000 more people were employed in Canada than in February of 1977. I thought an article in last Saturday's Toronto *Star* by Anthony Westell summed up many of the positive aspects of our economy. In his article he mentioned that the House of Commons often plays down all the positive aspects of the Canadian economy, and he spelled out several of the very positive aspects of the economy, and I quote:

For example, we could take pride in the fact that our gross national product—the value of all goods and services produced—has increased in every year of the past quarter-century, except in 1954. That's a record few of our competitors can match.

We could also look at the fact that in the period 1967-72 the number of Canadians employed increased by 912,000, while from 1972-77, the increase was 1,391,000.

Instead of whining about high taxes and hard times, we might boast about the rapid rise in personal incomes per capita, for example, from \$3,129 in 1970 to \$6,741 in 1976.

The ratio of personal savings to disposable income has more than doubled, from 5.3 per cent in 1970 to 10.7 per cent last year. . . . We've done so well over the past quarter-century that our expectations are high and any setback seems like a crisis.

But the problems are soluble—indeed, we are already making progress. Constantly telling each other that the situation is much worse than it really is just makes it harder to solve the problems.

Those are the words of a reporter, and some reporters do not always have complimentary things to say about the Canadian economy.

[Mr. Foster.]

Reviewing the aspects of our economy, one of the most controversial factors has been the fall in the Canadian dollar. Of course, it has rallied now to 89 cents or almost 90 cents. I suppose the value of the Canadian dollar compared with that of the United States dollar is always a matter of great concern and a matter of national pride to Canadians, but if we look at some of the resource areas like northern Ontario, having a 90-cent dollar is not always disadvantageous. Granted, when we buy orange juice, it is more expensive. That has been so in the last year because of the fact that it is imported from the United States. That is a disadvantage.

However, if we look at many of our resource industries, we see great advantages. Let us consider the beef industry. The reason for part of the recovery in that industry is that the Canadian dollar is worth about 90 cents compared with the United States dollar. That is a very positive aspect when we consider that the beef industry has been in decline for the last three of four years. Indeed, beef producers have gone through one of the most difficult times in our history. This is especially true for cow-calf operators.

When we consider the mining industry, and especially uranium mining where that product is being sold on world markets, we gain a 10 per cent advantage with our lower dollar. In the forest products industry pulp has not been at a favourable price, but the demand for lumber and for paper products is very strong, and a 10 per cent advantage is very beneficial to the producers of northern Ontario. Likewise in the steel industry, for many producers like Algoma Steel 1977 was a turn-around year. Our steel industry is now in a competitive position abroad because our steel products sell for less. We can also be competitive with products coming in from outside the country, so we have an advantage there as well.

The 90 cent dollar has been a great advantage for the industries I have mentioned, but particularly for producers who sell in the United States market and overseas. The advantage is even greater for products like uranium, which is sold in the Japanese market or the German market where the devaluation of the Canadian dollar vis-à-vis the mark or the yen is even greater than it is in relation to the American dollar.

Perhaps no industry is looking at a better prospect this year than the tourist industry because of the devalued Canadian dollar. That, coupled with the removal of the sales tax for hotel rooms, is making success in that industry very promising this year. After some very bleak times it is very encouraging to find that many tourist operators in many areas of our country are looking forward this year to one of the best years they have had in the past several years.

I think Bill C-56 would provide some important benefits throughout our economy. It certainly would for the farm operator who is incorporated and who wants to pass his farm on to his son. The provisions of this bill deferring the capital gains tax make it possible for the property to be passed on without a capital gains tax initially. Thus, the very unfair and undesirable situation we have had in the past where some large family farms which were incorporated had to be sold in order to pay the capital gains tax can now be avoided.