

within a very few weeks and Canadians, including the business community, will be able to assess its effects. I would remind the House that one of the stated goals of tax reform has been, throughout, "steady economic growth and continuing prosperity." Unless that goal is achieved, the other major goals cannot be achieved. Without economic growth the goal of equity will be defeated, because the sheer weight of taxation could itself become unfair. Without economic growth, a continuing recognition of modern social needs cannot be achieved, because an economic short-fall will limit our means to satisfy existing social needs, much less cope with new or expanding needs.

The House of Commons Standing Committee on Finance, Trade and Economic Affairs, in the principal conclusions to its report on the tax reform white paper, expressed its concern in the following terms:

That preservation of an economic climate favourable to growth must be a central consideration of Canadian tax policy.

This House of Commons committee report is one of the very important inputs in the decisions that the government is presently taking. The government recognizes that when it invited public participation in the tax reform process, it also undertook an obligation to take that participation into account. I am confident that when the income tax amendments are introduced, those who took part in the tax reform process will be satisfied that they have been heard.

The question of foreign investment policy seems, time-wise, to be somewhat further from resolution. The Minister of National Revenue (Mr. Gray) has had this matter under specific review for some time. It is a study for the cabinet. Whether the cabinet already has it or, if not, when it will be getting it is not known. Of course, do we know how long the cabinet will take to study it—

**Mr. Stanfield:** Years.

**Mr. Mahoney:**—or whether they will choose to implement all or any part of it and, if they do, how long that will take. So, in one sense, the situation with regard to foreign investment policy is not as clear to those seeking answers as is that with regard to tax reform. On the other hand, it is clear from what he said in his television interview in Regina last month, that the Prime Minister (Mr. Trudeau) is not falling for the illusory beauties of economic nationalism. We can be confident that the foreign ownership policy will be realistic, geared to the encouragement of economic growth. In addition, foreign ownership policy will be selective, recognizing that, desirable as it is that Canadians own more of their own businesses and resources, we cannot do everything at once. It will be prospective rather than retroactive and will be positive, emphasizing investment by Canadians in Canada rather than discouraging investment by others.

**Mr. Stanfield:** Those are not the sorts of measures the government has already taken.

**Mr. Mahoney:** There are simply too many strong, positive and definite economic factors at work in Canada's economy to allow lingering doubts about tax reform and

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foreign ownership to deter strong, positive and definite business decisions.

Freeing the Canadian dollar from its fixed rate of exchange with the United States dollar has had an adverse effect on some of our export industries, particularly those whose sales contracts expressed their prices in United States dollars. On the other hand, the decision has given us an important measure of independence from the influence of U.S. domestic economic decisions and has been a contributing factor to the superior success of our economic policies during the past year, as compared with those of any other western industrial nation.

● (2:40 p.m.)

Certainly, we have more unemployment than we would wish and this is a perfectly legitimate and respectable point for opposition politicians to take up and trade upon, as long as in so doing they do not undermine confidence in the Canadian economy by convincing anyone that today's unemployment is a national disaster. If they do that, they will have performed a great disservice to Canada and to all Canadians, including our unemployed.

It is, of course, a personal tragedy for those caught up in it and that would be equally true if Canada's unemployment, seasonally adjusted or otherwise, were 1 per cent or less. This element of personal tragedy is real and will always be real, regardless of all the effective measures that governments at all levels have taken to assist the unemployed and to reduce unemployment.

Employment is high, too. While there were some 149,000 more unemployed in Canada at the end of February this year than at the end of February, 1970, there were also about 172,000 more people employed in Canada. This is not a tragedy. Canada's work force is growing faster than the work forces of most other western countries. This growth rate has averaged about 3 per cent per year for the last three years. Last year it was 4 per cent, 321,000. This means that a great many new jobs have to be created in Canada every year just to keep the unemployment figure, in numbers, not percentage, the same. Last year Canada's employment figures, the number of people working, rose faster than those of any other industrialized country, the U.S. among them.

Economists are practically unanimous in making predictions as to Canadian economic prospects. There has been a substantial increase in gross national product this year, most of it real. Last year real economic growth was 3.3 per cent, less than the 5.1 per cent of 1969, but better than that of the U.S. which actually dropped 0.4 per cent. The stage is set for a major increase in real output, and a substantial increase in consumer spending. Wages and salaries went up last year while inflation was held down. About 7 per cent of personal income went in to bank savings accounts which aggregated almost \$17 billion at year end. There has been a substantial increase in retail sales. Last year's gain was only 2 per cent. Retail inventories are thin as a result of last year's tight money and consumer restraint. The shoppers are getting ready to buy and merchants are scrambling to increase their inventories. Automobile and other durable sales will pro-