

*The Budget—Mr. MacLaren***The Minister added:**

—we should acknowledge that businesses do not invest in more efficient and cost-cutting equipment just to throw people out of work . . . Labour, business and Government must co-operate to improve the productivity and competitiveness of the Canadian economy. This is the key to higher wages and better profits. More importantly, it is the best way, in the long run, to provide Canadians with the jobs they need.

To that end, Mr. Speaker, the Government's proposal in the budget to create a national centre for productivity is an important step in providing one major place where business, governments and labour can sit down together, distant from the immediate concerns of collective bargaining, and review and agree upon the fundamental or structural issues that confront us when we evaluate our future ability to compete internationally. Much more needs to be done to improve our productivity, but a promising start can be made not only by the budget's fiscal initiatives to improve productivity, but by the creation of the new business-labour centre for productivity.

The Government's plans for economic recovery place a high priority on technology, including yet more support for research and development. As we move farther into the era of high technology, it is imperative that we in Canada increase our research and development. That is why the Government in its budget announced a number of important additional measures to supplement those that already exist for the support of science and technology, measures that represent a public expense all the more necessary in a country with such massive foreign investment.

The Capital Projects Program contains major new technology-related investments. For example, research and training facilities critical for the mastering of new technologies will receive more funding and there will be accelerated procurement by Government of high technology products.

Over the next two years, the Government will undertake other new technology policy initiatives. The Minister responsible for economic development will soon provide additional information about those proposals intended to enhance the effectiveness of current research and development tax incentives, especially the ability of Canadian companies to benefit from them by making them simpler, more accessible and more effective. The paper on research and development policy which accompanies the budget suggests that while current tax incentives compare favourably with those of other countries, new measures remain necessary to increase the ability of firms to use them and to provide avenues for technology companies to attract more outside financing.

● (1230)

To take full advantage of technological advances and to help improve our international competitiveness, Canada increasingly needs well trained workers. Workers in the high technology era will from time to time have to acquire new skills. The Government recognizes that important and fundamental fact in the future health of Canadian industry. With the comprehensive National Training Act of last year, the Government had already acted to make available training initiatives more responsive to our future requirements. The budget adds to

those initiatives by making them yet more effective. More funds are being provided this year and next for programs to ensure that Canadians have the skills needed to take advantage of employment opportunities that will contribute to economic growth during the current decade. This will bring to a total of some \$1.2 billion the funds allocated for skills development. Over 250,000 Canadians, half of them young people, will benefit this year alone from federal support for training and retraining programs.

Since incentives for more private investment and job creation in the private sector hold the key to our economic future, another major aspect of this realistic budget which will contribute to our greater productivity and international competitiveness is support for an improved industrial infrastructure. Financing of new capital projects is intended to improve necessary public facilities which directly support improved private sector performance. Firms will soon receive orders for a wide range of goods and services necessary to ensure that improved infrastructure.

Other incentives in the budget which will be available to the private sector include the refundable investment tax credit. This will accelerate private investment by enabling corporations to obtain more immediate benefits from the investment tax credits now available and earned on new investment, thus making the investment tax credit program yet more effective. The measure will be of particular importance to those small Canadian firms which will not generate sufficient profit in the early years of operation to be able to claim their investment tax credit fully. Now the tax credit will provide them with extra support during the critical early years of development, those fragile years before they cross the threshold to self-sustaining growth. By refunding a portion of the credit in a cash grant in the same year in which the investment is made the measure will improve the cash flow to small Canadian corporations and lower the cost of their investment.

The share purchase tax credit, the plan originally set forth in the Lortie Commission report, will assist corporations to raise badly needed equity to help finance new investment. The measure will facilitate the financing of investment during the immediate recovery period and will assist corporations to undertake new investments and attracting capital needed to strengthen balance sheets and ultimately to contribute to the circumstances necessary to bring more Canadians back to work. This measure will permit corporations to use tax credits earned on new investment to attract purchasers of new common equity, a fundamental difficulty in the business community in recent years.

Reference has been made to measures in the immediate period of recovery. I want to emphasize the importance of strengthening private investment during the times immediately ahead. To that end, the Government is committing some \$300 million in the next two years to the Special Recovery Fund. That fund alone will help the Minister of Industry, Trade and Commerce (Mr. Lumley) to use additional financial resources with a speed and flexibility that has been unavailable before.