assets acquired on or after that date will be eligible for the 50 per cent credit. Assets must be acquired by December 31, 1985, and the credit must be claimed within five years of the date of acquisition.

● (1650)

As I said earlier, DREE is responsible for the direction of the program. Industry eligibility is determined with reference to the definition of a manufacturing or processing operation under the Regional Development Incentives Act. The definition of eligible capital property and other similar terms will be determined with reference to the Income Tax Act. Similarly, the calculation of the tax credit, the use of capital cost allowances and so on will be the responsibility of Revenue Canada.

The administration of the program has been kept as simple as possible. There are no prior approvals involved. There are no restrictions in terms of minimum or maximum size of project. The tax credit is simply claimed as part of a normal income tax return.

This last point leads me to my final comment. Recognition of the need for differentiated taxes between regions, and in particular for the higher investment tax credit rates for DREE designated regions, was given originally in 1975 and expanded in 1978.

In the Atlantic provinces and the Gaspé, the tax credit today is 20 per cent, and in other regions designated under the Regional Development Incentives Act 10 per cent, unless the special investment tax credit applies. So those regions which do not qualify under the Special Investment Tax Credit program will continue to benefit from these existing inducements for regional industrial development.

I believe that the Special Investment Tax Credit program offers an exceptional opportunity for the industrialization of certain regions of Canada and that it will provide significant benefits to the 5 per cent of the Canadian population that is in the greatest need of this kind of development.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, Canadians find themselves in severe economic straits, and the government finds itself extremely limited in the options open to it because of the hodge-podge of economic theories which have been the government's trademark over the past two decades.

The government's theory of exercising restraint is hard to rationalize. For example, it lays off employees, and closes its eyes to the acquisition of goods, services, materials and facilities. The government thinks nothing of adorning federal buildings across Canada with exotic plants and interior landscaping, of which the huge hothouse created by the Bank of Canada on Sparks Street here in Ottawa is a classic example. It would be preferable, in my view, to erect a picture of a woman in New Brunswick picking potatoes for a living, or a lumberjack in snow up to his chest earning a living cutting trees. Perhaps with a constant reminder of how hard Canadians work to supply tax revenues we might move ahead with parliamentary reforms to enable members of Parliament to play a meaningful role in eliminating waste and extravagance and in developing a more efficient government administration.

For years the government decided that it would be unpopular to have a modest increase in taxes or a cutback in spending, so it took the long way home and simply expanded the money supply, thus feeding the fires of inflation. And now it deals with inflation in the traditional and classical way by employing monetary policies which, in effect, feed the fires of unemployment.

It is always the little fellow who pays, and when the government is forced to increase taxation it is done in a merciless way. The energy taxes proposed by the government do not exempt low-income Canadians—they are not sheltered with energy tax credits such as those the Conservative government proposed—and they pay at the same rate as the wealthiest people in the land. That is exactly what I mean by a tax with a vengeance and without mercy. Again, it is the little people of this country who pay.

When the government's anti-inflation policies close manufacturing plants or cause lay-offs of employees, production drops, and we have the classical situation where the drop in supply is more dramatic than the drop in demand. With too many buyers chasing too few goods, prices go up, again feeding the fires of inflation. The government's policies for dealing with inflation are counterproductive. Short-term solutions have become long-term tragedies.

It is a preferable answer to abandon the spectre of nineteenth century solutions to twentieth century problems and deal with and address the reality of today. Our aging production facilities need to be rejuvenated, and the key to that rejuvenation surely is research and development.

The winds of change are blowing in advanced industrial states, and the signs of change are apparent in Canada too. The leading performers in our Canadian economy are firms that produce high technology products and systems. These firms provide good jobs for their employees and require support services that directly or indirectly involve almost every trade.

A government somehow has to learn the lesson that one of the elements in combating inflation is to increase the supply of goods, both domestically and in our export markets, so that prices go down and more Canadians are employed and become taxpayers sharing the burden of government, so that taxes can go down and the demand for social services can be reduced. It is my view that the government is doing right now exactly the opposite of what it should be doing to create jobs and fight inflation.

The tax system that supports the National Energy Program tabled on October 28 will indeed impinge on almost every sphere of Canadian activity for years to come.

The government has correctly excluded the Bay of Fundy, which is located between the provinces of New Brunswick and Nova Scotia, from Canada lands. This area is essentially