

Mr. Riis: The question was asked which country has one.

Mr. Pepin: They are changing all the time.

Mr. Riis: Japan has a very clear idea of what it is doing with the major sectors of its economy. Canada has not. One of the reasons it has not is that this Government has not taken upon itself to develop industrial sectoral strategies. How can the corporate sector evolve in any realistic way? Does it know where to invest? How does it invest and in what does it invest? In what direction are we going? The result is we have one part of the corporate sector going one way and another going another way. This is because the federal Government has failed to develop the economic leadership it should. It failed to take the responsibility of developing, in co-operation with the provincial governments, the private sector and labour, sectoral strategies for our economy. That is the fundamental reason, Mr. Speaker, why we do not have the appropriate investment in our economic infrastructure, why we do not have the appropriate investment in job creation and why we cannot have the appropriate investment in education and post-secondary training of one kind or another. We do not know where we are going, Mr. Speaker. Therefore, how can we prepare ourselves for that mission?

The Acting Speaker (Mr. Guilbault): This puts an end to the question period. Debate.

Hon. Roy MacLaren (Minister of State (Finance)): Mr. Speaker, the Hon. Member opposite, not surprisingly, began his speech, as he frequently does, with a doom and gloom picture of the Canadian economy today. He offered us a bleak outlook for the economy which, certainly in his view, leaves no hope at all.

That, of course, is at complete variance with the record, the evidence and any statistics which the Hon. Member may want to cite. Every statistic would indicate quite an opposite direction in our economy. In fact, we are experiencing a major recovery of our economy. The stage is now set for growth at a rate which we have not experienced in this country and, indeed, in the industrialized world generally, for some time.

● (1140)

The Hon. Member opposite cited some graphic examples of hardship. Those are, of course, of concern to us all. But equally, he should recognize that our Gross National Product has increased substantially. Real economic growth was running at a 7 per cent to 8 per cent rate through much of 1983, bringing with it an increase in housing starts, retail sales and industrial production. All those factors improved substantially in the course of the past year.

In addition we have seen a major growth in trade, reaching record levels of exports over imports. Restraint of inflation, one of the key factors to economic recovery, was achieved beyond any forecast of a year or more ago. In May, 1982 inflation was at 11.9 per cent; today it is 4.5 per cent. We have seen interest rates fall substantially, another major factor in setting the stage for our future economic growth and an

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essential element of the economic recovery we experienced during the past 12 to 14 months.

The picture, then, Mr. Speaker, is one of great promise, indeed of great realization. There is a consensus in this House that unemployment is a continuing and deep seated problem for Canada. We have created many more jobs in the economy during the past 12 months than had been foreseen, but equally, large numbers of new workers joined the labour force. The rate of unemployment, while down significantly from 1982 and 1983, is still at levels that none of us welcomes. We want to see a faster rate of decline in the rate of unemployment and I want to touch upon that again as one of the real reasons behind the tax incentive initiatives this Government has undertaken in recent years. The recovery is there, it is happening; it is good news and not the gloomy news that the representative of the New Democratic Party always deals in.

The motion before us, Mr. Speaker, addresses several areas of Government fiscal policy. I want to deal first with the question of tax incentives. The Hon. Member opposite appears to favour the more pejorative words "tax hand-outs" and "tax loopholes", as if there were something wrong or, even on a theological plane, something evil about tax incentives. They are, of course, present in personal income tax, but in the case of corporate taxes they are there for very real purposes and bring very real benefits to the Canadian economy, hence to the Canadian people.

Given the limited time available this morning, I want to touch on three areas: research and development; capital investment; and small business. I take it that the Hon. Member of the NDP is opposed to tax incentives for research and development. I find that a surprising admission on his part when he must recognize that, as never before in our economy, we need the application of high technology and the ability to develop new research and technology which can bring further prosperity.

The reason we put in place tax incentives for research and development in Canada more generous than in most industrialized countries is that we have an economy with a large degree of foreign investment. Typically a foreign-owned multinational corporation centres its research and development at its corporate headquarters or at the point of international excellence in that particular field. For us in Canada to develop a greater research and development capacity, especially among Canadian-controlled businesses and smaller businesses, we put in place a series of tax incentives which are proving to be of great benefit to the development of Canadian technology. I am surprised that the NDP sets itself against such a policy, but I am afraid it is typical of the attitude of that Party in recent years, a subject which I will return to in a few moments.

Regarding capital investment, surely the Hon. Member recognizes that the accumulation of capital is an essential element to further growth in our economy. The incentives in the April, 1983 Budget, for example the tax carryforwards and the tax carrybacks or the other forms of tax credit, are intended to channel and encourage investment during the medium term. The Hon. Member says he does not see the