discourage productivity, but I warn that increased productivity is an essential basis for continuing prosperity.

I quote from an article which appeared in the *Globe and Mail* of April 15 which tells how Canadian General Electric increased productivity:

> The company purchased declining businesses and stimulated them to higher levels of production and employment and also acquired vacant plants and re-activated them as basic approaches to the expansion program.

• (3:10 p.m.)

> In the first category, Canadian General Electric bought the Scarboro plant of John Inglis Co. Ltd. of Toronto and Amalgamated Electric Corp. of Markham, Ont.
>
> In the second category, the company bought inactive plants at St. Andrews East, Que., Lachine, Que., and Trenton, Ont.
>
> "At the time of their purchase by us, none of the last three plants was contributing a single man-hour of production to the Canadian economy."

There, Mr. Speaker, you have one of the positive approaches by a progressive company to meet the demand for increased productivity in our country. Had the minister, with all his imagination, brought forth measures to encourage the reopening of so many of those plants in Canada which now are closed, we would have had a part solution to the problem of inflation through this increase in productivity.

This is the sort of encouragement which the Budget should have brought in. An increase in the output of goods per man unit is essential to the social and economic growth and the full utilization of all plant and machinery, of all human resources not now employed, and can lead only to improved productivity and availability of products for all. These are the ingredients for a full fledged growth with sustainable yield—the true hope for the future.

During the life of an ordinary economy we seem to concentrate our efforts more to settling the problems existing in the urban areas of the country. This is understandable, because in these areas the people living there first of all are faced with having to pay rent and do not have many of the facilities which those living in the rural areas would have. Therefore, in a time of recession their problems probably are more pressing. How can the minister explain that in a period of high employment, and with the fact of shortage of labour in the urban areas, we have not concentrated our efforts in those areas of Canada where there exists high unemployment, and thereby give to those people a level of income which would be equal to that enjoyed by those living in the areas of high employment.

This is a time when we should concentrate on these slow growth areas, the financially distressed areas, because we claim there are no more problems in the area of high employment. Therefore, why not direct our attention to the problems in the slow growth areas and thereby raise the incomes of those who have been waiting so long and so desperately.

It is difficult to understand why harbour and marine works in coastal areas are being restricted, when the minister knows very well that projects of this nature do not necessarily require all skilled labour. Also by this method of restriction we are impeding the possibility of increased productivity which after all should be our main concern today. By holding back these possible developments in designated areas we are planning to put these areas in a severe depression whenever we will face inevitable recession, which we will have by the effect of this Budget.

Our national capital market is being strained. The new 5 per cent forced savings tax on corporations will widen the gap between the available capital and the outlays for means of expansion, which in many cases are essential to survival of many of our corporations. The minister's intentions may be good, but how does he expect that large corporations with plans on the drawing board, with personnel available to administer a larger business, with a program geared to greater production, can hold back their investment plans. They will obtain their financing from other sources and thereby add to the cost of plant and equipment which can be repaid only—and I repeat only—by increasing naturally not decreasing, the price of goods to consumers. These companies must remain competitive and are forced to continue the normal requirements of expansion. There may be a few companies which because of the lack of capital will be forbidden to expand, but many of them will not stop their expansion programs by reason of this forced saving of 5 per cent.

What this will mean is that it will cause these companies to pay 6, 6¼ and six and a half per cent on their loans, and then in a few years they will get a rebate on their loans of 5 per cent interest. This cost of plant will be reflected in the cost of consumer goods.