

Promoting Economic Development

The third objective put forth in 1980 was national economic development. In addition to the measures already cited to promote job creation, improved job training and lower inflation, sectoral and regional initiatives were undertaken as part of our economic development policy.

The Government has pursued industrial development on a variety of fronts to utilize the strengths inherent in our well-diversified industrial base. It took measures to:

- preserve and rebuild Canada's industrial base;
- provide incentives for increased research and development;
- promote the expansion of export markets;
- upgrade Canada's transportation infrastructure;
- improve the health of Canadian resource industries.

Several major government departments are being reorganized to improve the process of economic policy development and the implementation of regional development concerns.

A 1 billion dollar Industrial and Regional Development Program has been established to help Canadian industry become more competitive internationally and to attract new industries. Under this program a more equitable index of regional disparities is being used to determine levels of assistance, and for the first time all economic development programs will be available throughout the country.

A large number of initiatives were undertaken during this session to stimulate disadvantaged areas, boost promising new projects and industries, spur productivity growth, upgrade infrastructure, and provide assistance to sectors experiencing temporary difficulties. Federal funds for the shipbuilding industry are promoting ship construction and assisting in shipyard improvement, while support has been extended to help Chrysler Canada and Massey-Ferguson weather periods of temporary difficulty. A major federal program of adjustment assistance is facilitating modernization and rationalization of the textile industry, and creation of new employment opportunities for displaced workers. An Office of Industrial and Regional Benefits is promoting Canadian sourcing of equipment and expertise for resource development projects. Government programs were a factor which helped Bombardier secure a major export contract for urban transit vehicles. The Canadian Space Program is providing continued support to leading-edge industries.

In view of the Government's commitment to raise Canadian spending on research and development to 1.5 percent of Gross National Product by 1985, a policy planning framework was announced. More recently, as part of a comprehensive technology policy, the Government has announced construction of fifteen new research facilities, additional funding allocations for high technolo-

gy procurement and proposals to simplify and enhance tax incentives. Funding for the Natural Sciences and Engineering Research Council and for the Industrial Research Assistance Program was increased. Stimulated in part by these and other government measures, research and development spending as a percentage of Canadian Gross National Product has risen from 1.03 percent in 1979 to a forecast level of 1.4 percent for 1983.

Effective export promotion was the goal of several Government initiatives. The Department of External Affairs was restructured to help ensure that trade considerations receive priority in the development of our foreign policy. Funding was increased to help small and medium-sized businesses fulfill their export potential, and a new financing facility introduced to better assist Canadian companies to compete abroad. Overall funding for the Export Development Corporation was raised.

Since 1979 Canada's trade surplus has quadrupled, to a record high level of 17 billion dollars for 1983 to date. This rise contributed to the 7 billion dollar improvement in the overall balance of payments which occurred over the same period, resulting in the first current account surplus in nine years.

In transportation, a central part of the Government's approach to industrial development, the greatest single achievement has been resolution of the Crow's Nest Pass Rate issue. The legislation directs 3.5 billion dollars over four years towards implementation of a fairer freight rate structure and expansion of western rail capacity, and will lever up to 16.5 billion dollars more to these objectives. The decision to change the Crow Rate will mean a permanent subsidy to western Canada of 651 million dollars per year. Much of the Canadian National line between Winnipeg and Vancouver will be double-tracked. Altogether, 375,000 person-years of employment will thus be generated.

Steps have been taken to match increased rail capacity with enhanced port facilities. At Prince Rupert, construction is nearing completion of a new port which will include coal and grain terminals; the coal terminal will provide the facilities required for the northeast British Columbia coal development project. The Canada Ports Corporation has been established to increase local port autonomy and to improve overall efficiency of the national ports system. These improvements to our transportation system will become particularly vital when world market demand recovers.

In another major Canadian industry, the Government has already acted on many recommendations of comprehensive studies of the east and west coast fisheries, in order to improve their productivity and enhance the livelihoods of fishermen and plant workers. A federal-provincial agreement was signed to revitalize the Newfoundland deep-sea fishing industry, creating a new fishing company from the assets of several which are financially troubled, and agreement in principle was negotiated with Nova