

The Budget—Mr. Pepin

tax rate down to 46 per cent in 1976 are all part of another incentive. In short, these measures will give the companies an opportunity of investing more, a better opportunity of setting up the industrial equipment necessary to the development of our country.

[English]

Capital expenditures in manufacturing the last two years, for 1969 and 1970, had been very high, accounting for the 20 per cent increase in each year over the previous one. For 1971, however, the capital spending intention in that sector had been low, indicating as a matter of fact a reduction of 6 per cent. So we all hope the budget and tax reforms will contribute to the strengthening of the investment aspect of manufacturing.

[Translation]

Mr. Speaker, I would like to state very briefly that taxation, although a most important factor for industrial development, is not the only one. I have much respect for the Minister of Finance and the important programs he has set up for the industrial growth of the country, but I would not like to give him all the credit. Far from it. Two other factors are also of prime importance. The first is related to the state of our exports and the second to the importance of the programs which governments—and especially the federal government, to mention only one today—have devised and continue to improve in support of industrial development and rationalization.

And I still say, Mr. Speaker—and you know it—that one of the main tasks of the Minister of Industry, Trade and Commerce is to act as a go-between in attempting to stimulate industrial development through the whole spectrum of programs available to him.

Thus, as far as world trade is concerned, Canada is now in a position that I would consider as very satisfactory. As you know, our exports have increased by 2.4 per cent during the first five months of this year and imports have gone up by 3 per cent. Therefore, if that situation continues we will have a relatively considerable—not to say fantastic—surplus at the end of the year. At present, exports exceed imports by \$992 million as compared with \$1,004 million last year. Thus, it may be seen that the gap is not very wide.

● (4:20 p.m.)

[English]

The hon. member for Prince Edward-Hastings (Mr. Hees), my official critic, was recommending the other day that Canada should engage now in a sort of get-off-your-seat campaign with which he has become associated in the minds of Canadians. In the present circumstances that would not be warranted. It would give us a short-term gain in all probability, but it might endanger us by forcing up abnormally the value of the Canadian dollar. The government has taken the position that a more refined, a more sophisticated approach is needed in the present circumstances. It seems to us that efforts leading to the development of technology, to the development of new and better products in Canada, to the opening of

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specific markets for specific goods, to the invention of new techniques of marketing, would have a much more lasting effect for our country than the sort of approach the hon. member for Prince Edward-Hastings recommended. It seems to me—and I would like to have more time to speak about this—that more attention should be given to the tremendous improvement in the trade and industrial support program of the Department of Industry, Trade and Commerce.

You have heard, for example, about the PEP program, the productivity enhancement program. It has nothing to do with Pepin. As a matter of fact the plan was conceived before I even appeared on the scene!

Mr. Gilbert: It is corporate welfare.

Mr. Pepin: No. All these programs—and I might refer to the machinery program, to the shipbuilding program, to the textile program and so on—are all together a rather sophisticated approach to the problem of developing in Canada an improved manufacturing capacity in order that our industry will be fully competitive internationally and will not have to use protectionism in order to survive. This is my objective, and the objective of the government: to make Canadian industry as productive, as efficient and as modern as possible and to develop the programs needed in order to accomplish this objective. This is what we are doing now and I can assure you that we will do more and more of that.

So these programs are in place to supplement the fiscal stimulus given by the Minister of Finance in the budget, and will directly encourage the development of new business in areas where opportunity exists, but where such forms of assistance are required.

On this subject I wish to compliment my colleague, the Minister of Finance, for having continued the selective approach that he had adopted on a previous occasion, in the December budget in particular, by taking a very specific approach to some problems of certain sectors of the Canadian industrial spectrum. What he has done for the forestry sector, for the electronic sector, for the petrochemical sector, for the pulp and paper industry in his budget has been very well received by the different companies and of course by the working force in these industries.

The hon. member for Edmonton West (Mr. Lambert) gave us the impression that the government, in doing this, was claiming it had solved the problems of these industries. This is not so. For example, the petrochemical industry in Canada is having much greater problems than can be solved by the measure announced by the Minister of Finance. What was done in the budget—and I do not have time to repeat it—was a move in the right direction and indicated to the companies that the government is interested in seeing them develop projects. But, of course, the solution of their problem calls for much broader measures than the amendment of tariff items.

I welcome back the hon. member for Edmonton West. The main problem in the petrochemical industry is the