

essential, if you want to have a market economy and a free economy, that you have an active equity market. I indicated in my budget, following representations from all kinds of groups across the country, that it was important for Canadians to become purchasers of equity and that Canadians should invest more in the industrial development of Canada. It is real investment when you buy shares, just the same as when you loan money or make other investments.

I want to remind my hon. friend that we have taken particular care of the situation of the farmers and particular care of the situation of the home owners by exempting farms and households from capital gains in circumstances that are specified in the legislation.

As far as the particular proposal is concerned, as I have indicated, the ISIP system is one that was developed after extensive consultation, and which received the broadest possible support across the nation.

CASH FLOW SITUATION OF COMPANIES

Mr. Bill Kempling (Burlington): Madam Speaker, my question is also for the Minister of Finance. Most of the business survivors of the recession have cash flow problems. Their earned surplus and capital accounts have been reduced to dangerous levels. If there is even the slightest bump in the recovery of the economy, many of these recession survivors could go under. Inasmuch as the Government is looking to the private sector to reduce the level of unemployment by adding to its work force, is the Minister planning a taxation solution to aid the cash flow problem of these struggling companies, and will he bring in his solutions in an amendment to the Income Tax Act in the immediate future?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would invite my hon. friend to read the April budget in which this question has been repeatedly and consistently addressed. The net result is that the debt-equity ratio of companies across the country has improved quite considerably in the last several months, thanks to the measures that were announced in the budget and thanks to the steps that have already been taken by various corporations on the basis of that budget. I invite my hon. friend to acquaint himself with the many provisions contained in the budget on this very issue. I want to assure him that the Bill itself should be introduced soon in the House, and I hope the Bill will get the Hon. Member's wholehearted support in spite of the opposition of his seatmate. I am glad to see my hon. friend has better and broader vision than his seatmate.

Mr. Kempling: Working one against the other won't work, Marc.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Oral Questions

CAPITAL COST ALLOWANCE

Mr. Bill Kempling (Burlington): Madam Speaker, my supplementary question is also for the Minister of Finance. I have read the budget and all the provisions in it. It just does not help the cash flow problem being experienced by many businesses in Canada. The former Minister of Finance in his November, 1981, budget put in place new capital cost allowance rules that have severely damaged the cash flow and the profitability of most businesses. Inasmuch as productivity and profit go hand in hand, and many businesses have put off the purchase of new productive machinery and processors because of the capital cost allowance rules, is the Minister reviewing this matter, and will he bring in an amendment to the Income Tax Act in the immediate future to address this problem?

Hon. Marc Lalonde (Minister of Finance): Indeed, Madam Speaker, I have addressed this very question in the budget by providing the possibility of taking losses three years backward and seven years forward. That provision again has been acclaimed by the business community as being one of considerable help in their current situation.

Mr. Kempling: You have to lose money to get it. Is that it?

Mr. Lalonde: In addition, I would refer my hon. friend to the various provisions in the budget which, obviously, time in the Question Period does not allow me to enumerate.

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THE ECONOMY

JOB-CREATION PROGRAMS—BUSINESS COUNCIL'S ADVICE

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, not only is there a cash flow problem for the Canadian business sector, but there is a cash flow problem for the average Canadian citizen.

Some Hon. Members: Hear, hear!

Mr. Riis: My question is for the Minister of Finance. A letter written yesterday by the Business Council on National Issues urges the Government to extend its present policies to depress workers' incomes even further, and asks the Government to restrain itself from taking any further job-creation measures.

Will the Minister of Finance stand in this House of Commons today and tell Canadians that he is going to ignore that kind of advice and that he has identified the number one problem in this country as job creation? As far as the letter from the Business Council on National Issues is concerned, will he tell them where to take that letter, or tell them he is going to ignore that letter?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the priority problem as far as I am concerned is the growth of the economy and the creation of more jobs. That is going to remain our priority, my priority as Minister of Finance, and