

tial housing. I am bringing the capital cost allowance on wood-frame buildings into line with other kinds of buildings. Furthermore, tonight's Notice of Ways and Means Motion includes changes relating to life insurance, corporate surplus and loans by companies to their employees. As a result of representations from members on all sides of the House, I will not be proceeding at this time with the measure for taxing the investment income realized by a policyholder on the death of the person insured. Details are provided in the supplementary information.

● (2022)

[English]

Members will recall that the March budget proposed \$1.5 billion in tax reductions to stimulate the economy. It included a tax reduction for middle and lower income families of up to \$50 for each child. It also increased by \$100 the employment expense deduction. There were significant measures to improve profitability and encourage business expansion. The investment tax credit was extended and increased. A 3 per cent inventory allowance was introduced. The dividend tax credit was enriched. All these measures are being reintroduced in the Notice of Ways and Means Motion tonight.

Long delays in passing tax bills add to uncertainty. We should move swiftly to enact the measures proposed in the last budget and the new measures I have proposed tonight.

Finally, I want to say a word about the exchange rate. The policies we are following of getting our costs down and our employment up are directed at our fundamental problems. With such policies, our balance of payments will improve. We have operated in the market to maintain orderly conditions. This has involved some loss of reserves during the recent period of decline in the exchange value of the Canadian dollar. However, our reserves remain substantial, and we have the capacity to supplement them substantially should the need arise. We will continue to follow our floating exchange rate policy. I am convinced that confidence in the basic value of the Canadian dollar can best be promoted by sound domestic policies, and not by artificialities.

I should like to repeat, now, something I have said before. There is absolutely no idea in the mind of the government of imposing exchange controls. I know there was a story which was printed and widely circulated and which created some problem, and I know that unfortunately many Canadians have perhaps moved money out of Canada because of that story. I think it is extremely regrettable because it could cause some problem for the Canadian dollar. That is why I want to state tonight we have no intention at all of imposing exchange controls in Canada.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I would now like to table the Notice of Ways and Means Motion, projections of the government's revenues and expenditures, supplementary information on the controls program, the text of the government's statement of July 29 to business and labour on decontrol and

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post-control arrangements, and details of the tax changes. I shall ask that the Notice of Ways and Means Motion be appended to today's *Votes and Proceedings*.

Even though we are holding firm to our expenditure ceilings, our total financial requirements are now forecast to increase from \$5.5 billion in 1976-77 to \$8.5 billion in 1977-78. They will be even larger next year, mainly because we will be paying off \$2 billion in accrued interest on Canada Savings Bonds. In these circumstances, to attempt to do even more at this time through fiscal pump-priming would clearly be counterproductive.

With all these measures at work, we can expect the economy to grow in real terms by 5 per cent next year. To do better than that will require a concerted strategy of change and improvement in the structure of our economy extending over the medium-term period ahead.

We have made a start on important elements of that strategy. In the critical energy area, for example, wide-ranging policies on pricing, taxes, and joint private and public investment are helping to develop new sources of supply, improve distribution and economize on use. In the housing area, we are well on the target of a million more houses for Canadians over four years. Federal funds and support are being increasingly channelled into assisted home ownership and rental for people of modest income. We have successfully proclaimed the 200-mile limit for fisheries jurisdiction, to assure effective management and conservation of that valuable resource. For business generally, we are making progress in diminishing unnecessary regulation and filing of statistical forms. The need for efficiency and higher productivity is increasing as we move closer to the hard bargaining of the multilateral trade negotiations.

In all these, and many other areas, much more has to be done by investment policy and basic structural changes. We intend to promote such changes, to seek the active co-operation of the provinces, and to engage as widely as possible in consultation with business, labour and other economic interest groups.

● (2032)

[Translation]

Mr. Speaker, we must realize that these are difficult times for Canada both economically and politically. But these are also challenging times because Canadians must rededicate themselves to the building of a stronger, more prosperous and more united country.

The solutions to our problems are not easy and they will not all come from government. We must realize not only that the resources of government are limited, but also that we do not want in Canada the type of society where everything comes from the state. Therefore, there will not be any large new social programs nor greatly increased government spending. To maintain our standard of living, all Canadians must learn to work harder, to be more efficient and to be more productive.

While we have serious problems, we should not exaggerate them. Franklin Roosevelt once said that the only thing to fear