

The Budget—Mr. Asselin

They were complemented by those of the official opposition. Then, the minister introduced a budget to try to get into the good graces of businessmen and Canadians in general who could not accept all the proposals in the white paper presented by the Minister of Finance.

For once, the government should admit that the opposition led the battle against the white paper. The measures in the budget are not those of the white paper because through participatory democracy, Canadians made the government understand that it would be better to present a more acceptable budget than to completely alter the structures of the fiscal policy, thus penalizing too many Canadians.

Mr. Speaker, I would like this afternoon to call the attention of the House to an extremely important problem which arises not only in Quebec, but practically throughout Canada.

On many occasions during the past few weeks, I asked in this House to the Minister of Finance whether it was his intention when presenting his budget to take into account the catastrophic situation prevailing in the pulp and paper industry not only in Quebec but in the other provinces as well.

• (2:10 p.m.)

Mr. Speaker, as member for a constituency where this industry is of extreme importance from an economic point of view, may I say a few words on the serious difficulties facing the Canadian pulp and paper mills who want to sell their products on the export markets and eliminate their deficits.

Mr. Speaker, Donahue Limited, which has been in business for a good many years, is what I might call the economic centre of Charlevoix constituency as this firm employs nearly 1,100 workers in lumber camps as well as in its Clermont mill. Well, in the last six months, this company has shown a substantial deficit for the first time in its whole history.

Considering that this is a bread and butter issue for the workers in my riding, I would feel guilty and I would not be carrying out my responsibilities if I did not call the minister's attention to the very important problem facing the pulp and paper industry both in Quebec and in the rest of Canada.

It is now obvious to all critics and observers that, in this field, the budget does not go far enough. The Canadian economy, and especially the pulp and paper industry, is in need of more numerous and more sophisticated incentives, if the present situation is to be corrected. With his budget, the Minister of Finance tried to please everyone. Unfortunately, no one will be satisfied, and, in my opinion, the economy will continue to decline.

How much longer will we have to wait for a decision from the government regarding the Canadian dollar? The minister of Finance, who has often specialized himself in volte-face and in promises so seldom kept unfortunately, has stated many times that the budget would deal closely with monetary policy.

Mr. Speaker, you will remember that ten days ago I asked the Minister of Finance if his budget would take into account the dollar floating rate in order to insure—

[Mr. Asselin.]

because I am quite pessimist—the future of the pulp and paper industry, both in Quebec and in other provinces which, as I just said, is in an extremely precarious position.

On May 3, the Minister of Finance had answered to the Opposition Leader that he would announce the government policy about the Canadian dollar floating rate in his budget speech. Canadian people, and more particularly Canadian businessmen, had to satisfy themselves with two limited paragraphs which do show that the federal government has not even been able to state the very beginning of a clear policy on the Canadian dollar.

This situation, Mr. Speaker, and I say it again, is extremely tragic. The adverse effect of the government's uncertain action is beyond repair.

• (2:20 p.m.)

Industries like pulp and paper have terribly suffered in the last year from the rise of the Canadian dollar. The decline of the last quarter, as I said a moment ago, does not remove anything from the urgency of the present situation.

Mr. Speaker, time has come to assess the dollar rate, or at least to announce in a clear and explicit fashion a policy in this regard. It has also become urgent to remove or at least reduce the large gap between the tax burden of the Canadian pulp and paper companies and the much lighter load of competitive industries in the United States and Sweden.

I take it upon myself to ask for tax credits on behalf of the pulp and paper companies, providing they make certain types of investments. Tax credits should also be granted to certain categories of expenditures. First, expenditures to strengthen the competitive capacity of the industry; second, expenditures for increasing productivity of logging; third, expenditures to take advantage of new and expanding markets.

Such fiscal incentives are necessary if the logging industry, the main industry in many regions of Canada, is to maintain its present production level. We would remind those hon. members who are satisfied—unfortunately there are some in this House—that 1,500 persons were laid off in Quebec's pulp and paper industry last winter, one worker out of 3, because of the government's unimaginative monetary policy.

In fact, the problem in the logging industry was not limited to Quebec. Thus, in British Columbia, 10,000 of 35,000 loggers were unemployed. The Canadian people are becoming aware, and the hard way, of the government's lack of imagination and its failure to come to grips with the problem and find adequate solutions for it.

Canada needs a competitive pulp and paper industry. To be so, this industry must be allowed to reach a 6 per cent rate of growth by means of the tax abatements suggested. Mr. Speaker, this 6 per cent rate of growth would bring about an increase in exportation business of \$160 million per year and would represent the direct or indirect creation of 12,000 to 15,000 new jobs.

Such positive and efficient measures would help solve the unemployment problem much better than all the