

expressed his disappointment at the budget proposals. During the pre-budget meetings chaired by the Minister of Finance, which I attended, we had an opportunity to meet with the Canadian Federation of Independent Business, and I have here the brief submitted by the Federation on September 14, 1981. The first suggestion to the government, as we can read on page 9 of the document, is, and I quote:

The expenditures of the federal government must be reduced.

Mr. Speaker, the first point I discussed was the government's formal commitment to reduce the rate of increase of its expenditures, deficit and borrowing needs. As we read on, we can see on page 13:

There is increasing concern about the problem of wage demands.

Under the theme "restriction", the Minister of Finance specifically invited all economic agencies to support his action to achieve restriction of spending and fight inflation. On page 14, under the heading "The cost of negligence", the matter of unemployment insurance premiums is dealt with. The budget proposes significant reductions of unemployment insurance premiums for both employee and employer.

The Federation of Independent Business suggested further measures, and yesterday my colleague responsible for small businesses gave a conference in Montreal where he went over the budgetary proposals which specifically concern small and medium businesses. I am convinced that all hon. members will agree that the assistance provided to small and medium businesses will prove a major boost toward job creation and economic recovery. I would like to mention very briefly the extension of the Small Business Development Bond program, which will help small businesses who are experiencing difficulty in coping with the present situation, to come through these hard times.

The second, the increase in—

[English]

**Mr. Mazankowski:** I have a point of order, Mr. Speaker. I wonder if the minister could elaborate on the benefits to this House—

[Translation]

**The Acting Speaker (Mr. Ethier):** Order, please. The minister has the floor.

**Mr. Bussières:** Mr. Speaker, I was referring to that second measure to help small business, namely, the increased limit for the low tax rate for small business corporations. There is also in the budget a third important measure—

**An hon. Member:** You are misleading the people—

**Mr. Bussières:** Mr. Speaker, I hope the honourable member will have an opportunity and especially the courage to rise later on in this budget debate to express his views. In the meantime he will recognize this is a free and democratic country and I should be allowed to express my views. Therefore, the third measure, as I said earlier, is the reduction for employees and employers in unemployment insurance premi-

um rates which are of major importance to small business. And I indicated that the Federation of Independent Business had insisted on this in their representations. Finally, the exemption of small business from the corporate surtax is also extremely important for small and medium businesses.

Mr. Speaker, I would like to say a few words about industrial renewal and the government proposals to that effect. Hon. members are aware that over the coming years, during the decade of the 1980s, important projects will be undertaken in Canada. Billions of dollars will be invested, particularly in resources. The government wants to create a favourable climate for economic development and a budget document titled "Economic Development" explains the government's development strategy. During the eighties, economic development will be dominated by two realities: the continued development of the resource-based industries and the revitalization of industrial capacity toward specialized international competitiveness.

These two forces will create a new regional dynamics and new growth opportunities within the different areas of the country.

It will be seen in the budget document on economic development that the government wants to ensure that every area—the strategy will allow all departments, as the DREE for instance—to benefit from investments in major resources.

My time is running short but I would be remiss if I were to conclude my remarks without referring to another aspect of the budget, namely the proposal of the Government of Canada with respect to fiscal arrangements between the central government and the provinces. We all know that it is an extremely important subject for the Canadian federation and I would like to mention briefly two of the main aspects of those arrangements. First, the equalization program and, second, what is known as the established programs financing. Under the equalization program, annual and unconditional payments are made to those provinces whose tax revenues are lower than the average and whose ability to finance their public services is lower than the average of the other provinces in Canada. In 1981-82, six provincial governments will receive equalization payments totalling nearly \$4 billion. Quebec's share will be \$2.1 billion, or slightly more than half the total amount paid this year to the six provinces which are entitled to equalization. The per capita amounts of those equalization payments vary according to the tax revenues of the provinces.

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Those per capita amounts range from \$765 for Prince Edward Island down to \$291 for example in Quebec. Those equalization payments are based on two factors. First, the taxing power of the various provinces, that is, the revenues each province would generate by applying the same tax rates on goods, transactions and income. Second, the equalization standard, that is the taxing power level a province reaches,