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Budget offers special measures to encourage and sustain economic recovery

The federal government introduced a new budget, April 19, aimed at encouraging a strong, lasting economic recovery and significant reduction in unemployment.

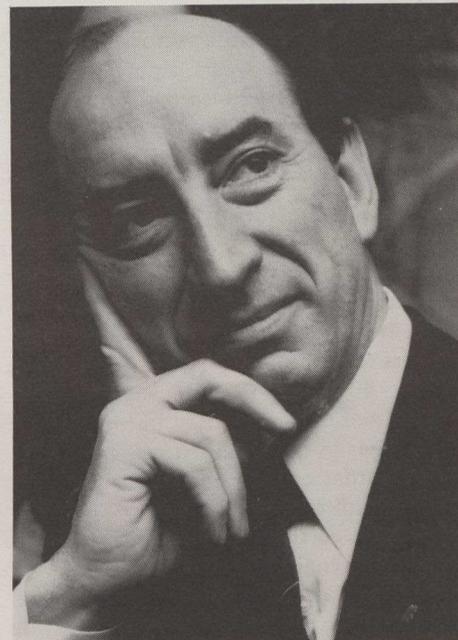
In introducing his "recovery" budget to the House of Commons, Minister of Finance Marc Lalonde said that the primary concern in preparing it was "to help the more than one-and-a-half million Canadians who want to work but cannot find jobs".

"The pursuit of these twin goals calls for actions that take hold immediately but are also geared to the medium term. The first goal demands additional stimulus this year. But the second goal would be unattainable without decisive action now to reduce the deficit in future years. Expenditure restraint will therefore continue, and measures will be introduced to raise more revenue as the recovery buoys up income and employment," said Mr. Lalonde in his speech.

Special recovery program

In its budget the government introduced a four-year special recovery program to provide some \$4.8 billion of investment support to accelerate the economic recovery and provide new capital facilities that will increase competitiveness and generate new jobs. This recovery plan involves seven key initiatives. The program will provide equal support for private and public investment, but all initiatives are designed ultimately to improve the financial position, growth prospects and job creation capacity of the private sector.

Public capital projects totalling \$2.4 billion will be put in place over the next four years — more than 100 projects involving all regions of the country. This is some \$1.5 billion more than previously planned, mostly representing an acceleration of projects intended for later in the decade. More than half of total spending will occur in the next two years to provide early economic stimulus.



Minister of Finance Marc Lalonde

Special steps are being taken to "fast-track" the new projects and ensure they are carried through on time and on budget. They include major investments in airports, highways and port facilities, research and development capability, assets needed for resource development, land and tourism development, and procurement of ships and high-tech communications equipment.

Another component of the special recovery program is aimed at accelerating productive investment and job creation in the private sector. These special recovery incentives for private investment will total \$2.4 billion over the next four years.

Investment tax changes

Mr. Lalonde also proposed relaxing rules governing the investment tax credit to allow companies fuller use of this incentive for increased investment in productive plant and equipment. Some \$1.3 billion of added tax support for post-budget investments will come from lifting

