

*The Budget—Mr. Lalonde***THE BUDGET**

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Marc Lalonde (Minister of Finance) moved:

That the House approves in general the budgetary policy of the Government.

He said: Madam Speaker, my dominant concern in preparing this budget has been to help the more than one and a half million Canadians who want to work but cannot find jobs.

Economic recovery is under way in Canada. The recession that has crippled us for over a year has bottomed out. Industrial production is up. Housing starts are up. Inflation is down and so are interest rates. Even more importantly, business and consumer confidence is on the upswing. When I started my pre-budget consultations, last November, few expected recovery to begin in 1983 without massive fiscal stimulus. By late March, a significant shift in opinion had occurred. The prevailing view was that the economy was already on the mend.

Yet the pace, scope, stability and duration of the recovery remain highly uncertain. Employment has started to grow again, but unemployment remains very high and will decline only gradually. Unemployment is particularly high among young people. We must do all we can to relieve the anguish and hardship that unemployment is inflicting on Canadian workers and their families. More importantly, we must shorten as much as possible the time it will take for the private sector to expand and provide jobs for the unemployed.

Much will depend on developments abroad that are largely beyond our control, such as the strength of the recovery in the United States, Europe, Japan and the Third World. Much will also depend on the collective behaviour of Canadians and on the response of the private sector to the measures I am proposing in this budget. Sustained recovery will depend on our ability to take full advantage of growth opportunities as they arise this year and next, and through the rest of the eighties. It will depend on the self-discipline, solidarity and sense of national purpose we will be able to muster to that end—all Canadians, labour as well as business, federal and provincial governments alike.

BUDGET STRATEGY

This recovery budget, therefore, has two central and inseparable goals. The first is to make sure that recent stirrings of growth pervade the whole economy as quickly as possible. The second is to make the recovery a durable one by beginning immediately to create the conditions required for sustained growth and development during the rest of the eighties. Underlying these goals is the government's determination to ensure that Canadians are provided with the jobs they need—good jobs, permanent jobs, satisfying and well paid jobs.

The pursuit of these twin goals calls for actions that take hold immediately but that 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.

• (2010)

[Translation]

Strong, lasting recovery and the significant reduction of unemployment we need will come primarily through the private sector: the economy's main engine of growth. I shall accordingly introduce measures to strengthen the financial position of Canadian businesses, farmers and fishermen, improve their capacity to undertake productive investment, and assist them in obtaining more equity capital. Measures in support of resource industries, agriculture and human resources development will be announced. Other initiatives will seek to enhance our technological base, research and development effort, export performance, productivity and competitiveness.

A significant increase in private investment can certainly not be expected before next year. In view of the personal hardship and social costs resulting from high unemployment, I have concluded that the recovery must be given an additional boost in its early stages. Federal capital projects planned for later in this decade will therefore be speeded up. More funds will be allocated now to direct support for employment. Some tax relief will be given to low-income workers. More support will be provided to lower income groups through the child benefit system. Housing programs will be expanded.

Canadians have supported the 6 and 5 program introduced in last June's budget. The government remains committed to this program. We have come a long way together in reducing inflation. It is essential that this progress continue as we recover. This will require the continued cooperation of all Canadians. But it also demands responsibility in the exercise of monetary and fiscal policies. Our monetary policy seeks to achieve the lowest interest rates consistent with continuing resistance to inflation and with international circumstances. The actions I will announce tonight will ensure that the government's financial requirements will not compromise the continuing implementation of responsible monetary policy.

These considerations have shaped the broad policy framework of this recovery budget. It builds on the spirit of the 6 and 5 program and establishes an effective framework for national recovery. I have been guided in its preparation by the basic principles of economic management set out in my Economic Statement of October 27, 1982. This is a fiscally responsible budget. I have maintained and improved the social security system we have built over past decades and that has helped millions of Canadians weather the recession. I am relying primarily on the dynamism and creativity of the private sector to bring about durable recovery. My budget is outward-looking and avoids protectionist measures, in recognition of the fact that recovery in one country at the expense of others is neither feasible nor desirable.