

● (1540)

## GOVERNMENT ORDERS

[English]

## THE BUDGET

## FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Lalonde that this House approves in general the budgetary policy of the Government; and the amendment of Miss Carney (page 24689).

**The Acting Speaker (Mr. Blaker):** The House is in the situation where questions, answers and comments might be addressed with respect to the remarks of the Hon. Member for Joliette (Mr. La Salle). I might point out that his absence does not prohibit Hon. Members from making comments if they see fit. If there are none, I recognize the Hon. Minister of Labour (Mr. Caccia).

**Hon. Chas. L. Caccia (Minister of Labour):** Mr. Speaker, at the outset I would like to express my pleasure in participating in this budget debate. More important than that, I would like to congratulate the Minister of Finance (Mr. Lalonde) for producing a budget document which focuses primarily on the creation of jobs and the reduction in unemployment.

It is becoming increasingly clear, Mr. Speaker, that in order to meet the competition in the 1980s and beyond, Canadians are questioning actively whether we need to reorganize ourselves. We feel, unless we improve our competitive position, that Canada could slide into third rate power status and our standard of living drop.

To respond to this challenge the Government has a responsibility to set the tone and to foster a climate of co-operation with business and labour in a way acceptable to both Parties and consistent with the national interest.

This is one of the reasons why, prior to bringing down the budget, the Minister of Finance and other Cabinet Ministers embarked upon an intensive round of discussions with so many people. Mr. Speaker, I want to focus most of my remarks on the labour discussions. We listened carefully to labour's concerns and responded to their suggestions with initiatives designed to improve labour's role. Let me give you some examples.

Labour called for stimulative spending, encouragement of economic growth, extended Unemployment Insurance and increases in public investment. The budget did not and, under the current circumstances of restraint, could not deliver all that labour, or indeed any other group wanted. But the \$4.8 billion recovery program announced in the budget goes a long way to meeting their concerns. Let us look at what the Government has done in reply.

Labour proposed long-term low interest loans for home ownership. They argued that individuals should be permitted to withdraw up to \$2,000 tax free from their RHOSPs, and recommended a broad reduction of taxes for low and middle income earners.

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Recognizing the recent fall in interest rates that has rendered less pressing labour's demand for lower interest rates, the Government focused its efforts on specific stimulation. Five existing housing programs were expanded and extended by the addition of \$120 million to the Canadian Home Renovation Plan, \$40 million to the Residential Rehabilitation Assistance Program, \$40 million for Indian-on-Reserve Housing, and \$30 million to the Canadian Home Ownership Stimulation Plan. The 1983 allocation for social housing units was established at the original level of 25,000 units. The Registered Home Ownership Savings Plan has been strengthened so as to allow withdrawals to purchase furnishings, appliances, and new homes. Until the end of 1984, individuals can deduct from taxable income, in one lump sum, up to \$10,000 for the purchase of a new home.

Labour recommended a broad reduction of taxes. Low and middle income earners will benefit from several tax concessions. In addition to the RHOSP amendments, the restructured child benefit package doubles the child care expense deduction from \$1,000 to \$2,000 per child and from \$4,000 to \$8,000 per family. Low income earners also benefit from more generous employment expense deductions which have been increased from 3 per cent to 20 per cent of employment income up to \$500 per employee.

Labour made a number of recommendations for the encouragement of economic growth including, for example, the expansion of research and development and measures to improve productivity.

The Special Recovery Program expands budgets for research and development, and encourages the application and use of high technology. Specifically, \$290 million will be spent on research facilities, \$180 million is allocated for high technology procurement, \$100 million has been earmarked for new technology initiatives, and as well, proposed tax incentives worth \$185 million are contained in the budget paper, "Tax Policies for R and D". These are responses to labour's suggestions.

Labour groups in the pre-budget consultations argued for measures to ease some of the impacts of the recession. Some of these recommendations included the continuation of benefits to those who have exhausted their Unemployed Insurance, a moratorium on foreclosures and a stabilization of mortgage rates, the improvement of retirement income, and a continuation of the work-sharing program. In reply, the Government will expand the NEED Program and Section 38 of the Unemployment Insurance Act. In addition, \$2.4 billion will be spent on the new Capital Projects Program. These programs, coupled with the construction incentives, should create jobs and ease the level of unemployment. New tax treatment of business losses and increased access to investment tax credits and the refundable investment tax credit should go a long way in assisting farmers and small business out of their financial difficulties. All of these measures will help to create more jobs.