

The Budget—Mr. MacEachen

The expansion of many small businesses has been halted by high interest rates. Grants will therefore be made to cover 4 percentage points of interest charges, over a period of two years, on loans extended by financial institutions to both incorporated and unincorporated small businesses. The eligibility rules will be similar to those for the Small Business Development Bond.

The Small Business Development Bond program that expired at the end of last year exempted financial institutions from tax on interest on loans for new investment or financial difficulty. In order to target available tax benefits to those small businesses most in need of assistance, the November 1981 budget confined the tax exemption to loans made to small businesses in financial difficulty. Eligibility was also extended to farmers, fishermen and other unincorporated businesses.

This small business bond tax provision continues. The program now being introduced is a new direct expenditure program. It will supplement the financing available under the small business bond program to firms in financial difficulty. It will not be constrained by the tax position of financial institutions. Farmers and fishermen, whether incorporated or not, will be eligible for the new small business investment grants.

In addition, the government is providing \$100 million more for assistance to farmers in financial difficulty. This allocation from the government will permit the Farm Credit Corporation to make loans totalling \$200 million over and above those provided for in the November budget. The loans will carry the regular rate of interest of the FCC, but a rebate amounting to 4 percentage points will be extended for a period of two years.

The details of these programs will be announced shortly by the Minister of Industry, Trade and Commerce (Mr. Gray), the Minister of State for Small Business (Mr. Lapointe), and the Minister of Agriculture, (Mr. Whelan).

CONTAINING THE DEFICIT

As I indicated at the outset, I was determined to find ways of creating jobs and sustaining economic activity without adding to the deficit. This goal has been achieved. The actions I just announced will be costly, but they will be more than fully covered by reallocations of expenditures and tax changes.

[Translation]

Let me sum up by listing the items on both sides of the balance, We are providing:

—an additional \$200 million for direct job creation programs,

—an additional \$300 million for job creation through economic development programs,

—\$400 million for housing stimulus and mortgage assistance,

—\$500 million for interest assistance to small businesses, farmers, and fishermen.

In addition:

—the increase in the Child Tax Credit will reduce revenues by \$250 million,

—the adjustments to the November budget will reduce revenues by some \$325 million,

—\$350 million should be allowed for the first-year revenue reduction from the proposals on taxation of investment income.

These additional expenditure initiatives and revenue reductions total \$2.3 billion over this year and next.

Offsetting these costs are:

—the \$800 million savings from the public sector compensation restraint program,

—the \$360 million savings from limiting indexing on expenditure programs,

—the \$580 million in savings from other expenditure reductions and deferrals, and

—the \$1.3 billion from limiting indexation of the personal income tax system.

[English]

Together, these savings and revenue measures provide \$3 billion. In 1982-83, the costs of new initiatives and the funds made available are both about \$800 million. In 1983-84, funds made available exceed the costs of new initiatives by almost \$800 million. These savings will be taken into account when we reassess the economic and fiscal situation next fall.

● (2100)

This method of financing the government's actions is a concrete application of the principles of solidarity and sharing. Some Canadians are being asked to give up certain benefits to help the unemployed and troubled sectors of the economy.

I would like now to table the comprehensive notice of Ways and Means motion related to the November, 1981 budget as well as a notice of ways and means motion related to the measures announced this evening. I would ask for the consent of the House to table the budget papers and paper for consultation entitled "Inflation and the Taxation of Personal Investment Income". I also ask for the consent of the House to include in *Hansard* the standard table which provides the projections of the government's fiscal position.

Madam Speaker: Does the House give its unanimous consent to the tabling of the documents mentioned by the Minister of Finance (Mr. MacEachen)?

Some hon. Members: Agreed.