

resources. The Government took steps to protect Canadians as much as possible from the ravages of international recession, and to battle domestic inflation. The stage thus was set for the renewed growth and job creation which we are now experiencing.

The centrepiece of the Government's battle against inflation was the 6&5 program, introduced last year to limit increases in incomes and prices regulated by the Federal Government to six percent and five percent respectively over two years. The compulsory restraint measures introduced in the federal public service were reinforced by widespread voluntary adoption of these guidelines by the private sector and the provinces.

The impact of the 6&5 program was enhanced by continuing Government restraint over the discretionary component of its expenditures, and by monetary policy conducted in a way which would not accommodate inflation. The "envelope" system placed pre-set limits on spending in each area of government responsibility, and ensured that policy and funding decisions were taken simultaneously. Improved management practices were implemented generating 122 million dollars in recurring annual savings; opportunities for realizing further annual savings of 139 million dollars have also been identified. Many of the recommendations of the Lambert Commission on Financial Management and Accountability were adopted. As a result of these efforts, the Government's "real", or inflation-adjusted, non-defence operating and capital expenditures are at the same level now that they were six years ago. Total federal government employment, measured in person-years controlled by the Treasury Board, is at the same level in 1983 as it was in 1979.

The inflation rate today is 4.9 percent, the lowest level in eleven years. Other dividends from the Government's anti-inflationary stance are reduced interest rates, a stable dollar and the record trade surplus which we are now experiencing.

Canada was struck as forcefully as its trading partners by the worldwide recession. The Government took concerted action to protect Canadians from its worst effects and to ensure the vigour of the domestic recovery. A work sharing program was introduced to prevent layoffs. New funds were channeled into direct job creation, tax incentives and other measures to stimulate activity in employment-intensive sectors, and new programs to promote economic development. A framework of investment incentives has been announced. Changes to the investment tax credit will make it more readily usable by firms investing in Canada, and will render a portion of the credit refundable. Purchasers of new shares issued by investing firms will also be eligible for the credit. A Special Recovery Investment fund is being created to speed and strengthen private investment during the early stages of the recovery. The maximum personal tax rate has been cut in order to encourage savings and investment. The Indexed Security Investment Plan will provide an additional incentive to invest in common shares of Canadian companies by eliminating taxation on the inflationary part of capital gains.

Particular consideration has been accorded to small business, the most dynamic force in our economy. The Small Business Development Bond increased the funds available to small business by providing a tax exemption on the interest earned by loans to small businesses. Tax measures were introduced to permit the deduction of spouses' salaries from income as a business expense, and review procedures for small business under the provisions of the Foreign Investment Review Act were streamlined.

In addition to initiatives aimed at stimulating private sector activity through direct incentives, the Government has undertaken a series of public sector and demand stimulus measures to generate rapid results. More than 2 billion dollars has been targeted to direct job creation alone during the past four fiscal years, providing work for over 700,000 people. A further 2 billion dollars in new funding has been directed to the stimulation of construction in the housing sector, while a major program has been launched, as part of the Crow Rate initiative, to speed the expansion and modernization of rail capacity in the West. The Special Recovery Program announced in the Spring Budget targeted a further 2.4 billion dollars over four years to public investment stimulus through accelerated capital and infrastructure projects.

These programs are now bearing fruit. During the first half of 1983 the Canadian economy grew at an annual rate of 7½ percent. Housing starts, industrial production and capacity utilization are all up significantly. Employment levels have rebounded, and the number of people employed has grown at an average rate of 31,000 per month since last November.

Prorogation of Parliament

Many groups in our society were cruelly affected by high interest rates during the past three and a half years. The Government took extensive action to provide relief to those groups particularly hard hit.

It responded to the plight of homeowners facing high mortgage costs. Grants of up to \$3,000 were made available to homeowners whose mortgage renewals brought their mortgage costs above 30 percent of their gross income. In addition, grants of \$3,000 each were extended to first-time home buyers and to purchasers of new houses. The Canadian Home Renovation Plan provided assistance to homeowners undertaking home repairs.

Parallel measures were introduced to help renters. The Canada Rental Support Plan was put forward to ease tight rental housing markets by providing interest-free loans toward the construction of new rental units.

Special measures were enacted to ease the burden of farmers, fishermen and small businessmen. The ceilings for loans under the Small Business Loans Act and Farm Improvement Loans Act were raised to \$100,000; for the Fisheries Improvements Loans Act to \$150,000; and for the Farm Credit Corporation to \$350,000. The total funding available under the Small Business Loans program was almost doubled, to 1.5 billion dollars, and a Small Business Investment Grant program was initiated to reduce costs on borrowing undertaken by small businessmen, farmers and fishermen. The Special Farm Financial Assistance Program provided an interest rebate of four percent on loans extended through the Farm Credit Corporation.

The Government's actions to deal with inflation, unemployment and high interest rates were accompanied by a program to respond to the challenges of the 1980s in a bold and creative manner. That program, outlined in the 1980 Speech from the Throne, had five principal goals:

- to respond to individual needs by promoting greater security for the elderly, expanded opportunities for the young, and equality for women;
- to achieve security of energy supply at a fair price for all Canadians;
- to promote national economic development in a way that would provide jobs, stimulate growth, build upon regional strengths, and increase Canadian ownership and control of our economy;
- to strengthen national institutions, while making them more responsive to provincial and regional goals;
- to ensure that Canada plays a vigorous part in the world beyond our borders.

Helping First Those Who Need Help Most

The first of the goals set out at the opening of the session, enhancing the security of the individual, was designed to help first those who need help most. The Government continues to believe that this must be its first guiding principle and it has given effect to this principle through a wide array of initiatives. In doing so, it has been one of the few western governments not to cut back spending on social services during the last three years.

The elderly came first, with the passage of legislation to raise the Guaranteed Income Supplement to the Old Age Security pension by \$35 per month per household, thereby improving the standard of living of 1.3 million pensioners.

In addition, to initiate the complex process of pension reform, a National Pensions Conference was convened as part of the consultative phase of this process and a comprehensive study of the issue, published as a Green Paper, was undertaken.

The Government has addressed the needs and concerns of Canadian women, and taken steps to guarantee their right to full and equal participation in all aspects of our national life.

Within the federal public service, a pilot affirmative action program put in place in 1981 for women, natives and the handicapped is the model for a comprehensive affirmative action program now being implemented in all federal government departments. In addition, a Commission of Inquiry on Equality in Employment has been established to investigate employment practices affecting these groups in certain Crown corporations, and officials within the government have been working with private employers to help them develop their own affirmative action programs.

Female representation in the management and professional categories of the public service has expanded steadily. The principle of equal pay for work of equal value has been adopted within the public service as a guideline applicable to all collective agreements and salary settlements.

This session has been marked by the appointment of the first woman Speaker of the House of Commons and the first woman on the Supreme Court of Canada.