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Late news

As this issue went to press, Finance Minister Crosbie announced ahead of schedule the details of a federal mortgage interest tax credit plan. The plan, which will be phased in over four years, will provide homeowners with a tax credit of 25 per cent of interest payments up to a limit of \$5,000 of such interest payments for a maximum tax credit of \$1,250. A property tax credit plan provides a credit of 25 per cent of \$1,000 of taxes or \$250 per homeowner.

Preparations under way for Government's first budget

The Government intends to proceed with mortgage interest and property tax deductibility, stated John Crosbie in his first major speech since becoming Canada's Minister of Finance on June 4.

In an address to the national economic conference of the Financial Times of Canada in Toronto, September 5, he also promised that the struggle against inflation would be a "primary concern and the criteria against which proposed fiscal measures will be judged".

While Mr. Crosbie dealt generally with the economic situation in Canada and with the outlook for next year, his "best material" he said, would be saved for the budget, which would be presented to the House of Commons later in the autumn.

Passages from the Finance Minister's address follow:

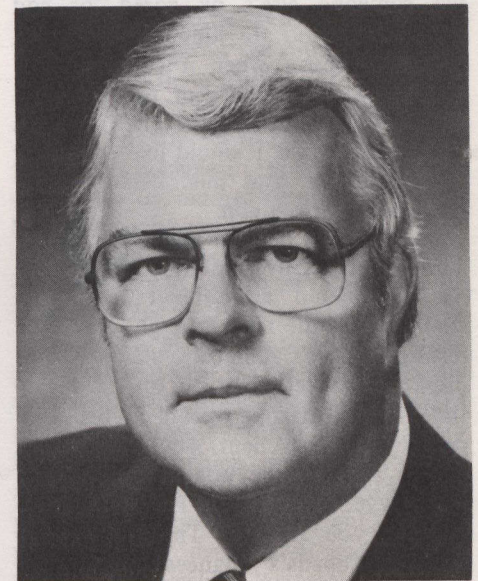
...We believe that, for the remainder of the year, Canada's economy will be affected by a general international slowing in the rate of growth of output, mainly due to U.S. conditions and the last increase in world oil prices.

During 1979, while business investment, consumer spending and inventory rebuilding will all increase and provide an expansionary push, all other areas will make only marginal contributions to growth or will actually decline. Residential housing starts will decline for the third consecutive year.

A large rise in imports will reduce the trade surplus to \$2.1 billion, and with a further increase in the deficit on the non-merchandise account the Canadian current account deficit will increase from \$5.3 billion in 1978 to just over \$7 billion this year.

Oil supply disruptions early in 1979 and OPEC crude price increases are increasing international inflation rates and depressing real growth. The official forecast in the United States now calls for real growth next year of only 1 per cent.

Here in Canada private sector forecasts for our performance cover a considerable range of real growth expectations and are changing from month to month. In July, the Conference Board in Canada projected real growth of 1.5 per cent for next year. In that same month, Data Resources Incorporated of Canada fore-



Finance Minister John Crosbie

cast 4 percent growth. In this month, with different assumptions about fiscal policy and domestic oil pricing, they have revised that to 2.7 per cent.

Next year's performance will be affected by energy price decisions that we will take, by our expenditure levels, and by the measures I will be announcing in the budget. For these reasons our own Government forecasts still remain tentative but it is already clear that the 3.6 percent real growth assumption that underlay the June fiscal projections released

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