

# Canada Weekly

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## Federal budget highlights new energy program

Finance Minister Allan MacEachen introduced in the House of Commons, October 28, a new budget designed to set "new directions for the economy — directions which will ensure both energy security and economic security for Canadians in the years ahead".

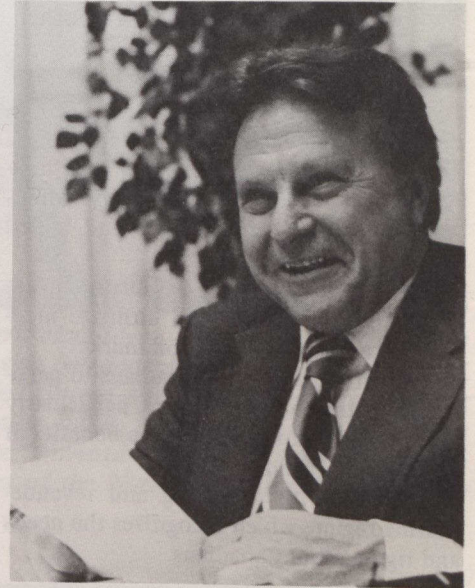
"While Canada is a net exporter of energy and is dealing from a basic position of strength, the chink in our armour is our dependence on imported oil.... The federal government feels compelled to put Canada's energy house in order," said Mr. MacEachen in his budget speech.

The Minister said the solution to the problem of decreased productivity and increased inflation was not a simple matter of ensuring an appropriate demand for goods and services. "There are no quick solutions," he said, "so we will need to be patient and plan in a longer-term framework. There are no single solutions either, so we need to combine structural, industrial and regional policies with the right setting of fiscal and monetary policy."

### Economic strategy

The budget's strategy balances restraint with essential measures to help increase productive capacity. Its main elements:

- keep government spending within the rate of growth in the economy;
- reduce the budget deficit steadily over the next three years, with a modest reduction next year because of expected slow economic growth but larger declines as the economy picks up;
- avoid personal and corporate tax increases insofar as possible;
- support monetary policies that do not accommodate inflation;
- provide for major new expenditures in energy, economic development, industrial adjustment and manpower retraining;
- expand aid to the developing world;
- sustain social and economic assistance to those most in need;
- strengthen competitive forces in the economy and reduce the weight of gov-



Finance Minister Allan MacEachen

ernment regulation; and

- adopt an energy policy which continues protection for Canadians against violent shocks of Organization of Petroleum Exporting Countries' (OPEC) oil price increases, promotes the most economic use of energy and substitution of oil, and encourages development of new energy supply sources.

### Reducing inflation

"These are the central elements. They are designed to ensure a steady reduction in the rate of inflation, the resumption of strong investment and productivity growth and the restoration, over time, of a fully-employed, strongly-growing, non-inflationary society," said Mr. MacEachen.

Expenditures restraint will achieve an appropriate reduction of the deficit. Thus a general tax increase has been avoided, and full indexing of personal income tax will continue for 1981 to avoid the tax increases that would result from inflation. Indexing will reduce federal personal income taxes otherwise paid next year by \$1,580 million.

The budget rules out new measures to

Eighteen years ago today...  
Canada's application to hold a world's fair in Montreal in 1967 was granted by the International Exhibition Bureau.