

HOUSE OF COMMONS

Tuesday, December 13, 1983

The House met at 11 a.m.

• (1110)

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Finance) moved that Bill C-2, an Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971, be read the second time and referred to a Committee of the Whole.

He said: Mr. Speaker, while it is a coincidence that the Bill before us today is going forward in proximity to the Throne Speech, it is very much an appropriate coincidence. My April Budget and the large portion of the Budget to be implemented by this Bill shares, in common with the Throne Speech, the Government's continuing determination to meet all its responsibilities to the people of this country.

The Budget did not choose, for example, between the need to practise fiscal responsibility, on the one hand, and the maintenance of the "social safety nets", on the other. We met our responsibility in both respects and we continue to do so. A full and long-lasting recovery for the Canadian economy must be based on the confidence and the demonstrated ability of Canadians to make progress in every important area of national life. The practise of fiscal responsibility does not mean the sacrifice of social responsibility. Indeed, I cannot imagine that one would have much meaning without the other. That principle has been firmly underlined in the Throne Speech setting out the Government's agenda for the next phase of the national recovery.

The Bill before us today can be seen in the perspective of this broad national effort to create the conditions and strengthen the momentum for economic and social betterment in the challenging years ahead. That is the spirit in which I am proud to recommend this Bill to the House.

The current round of consultations which my colleague the Minister of State for Finance (Mr. MacLaren) and I have been conducting on economic and fiscal policy, has involved some 30 groups and associations. An integral part of this process was the federal-provincial conference in Montreal last Thursday with my provincial colleagues. The provincial Ministers of Finance and Treasurers share with me an optimistic

view of the outlook for 1984. Though our country still faces considerable problems, we are making great progress in developing a stronger and more competitive economy.

At the conference I officially informed my provincial colleagues that an additional \$769 million would be available over the balance of 1983-84 in federal transfers for federal health care and post-secondary education. Building on the basis of the revised figures for this year, this adjustment will likely add more than \$300 million to federal transfers for education and health services in subsequent years, that is, over and above what had been forecast until recently. This additional federal contribution will allow the provinces to fund further improvements in health or educational services or to relieve the fees assessed on those Canadians who use those services.

• (1115)

In total, federal transfers under the various programs of assistance and fiscal support to the provinces will be about \$24.5 billion in the current year. This is an increase of some \$2.8 billion from last year. This additional support for the provinces' fiscal situation allows them to allot further funds to provincial services, including the important field of job creation.

My April Budget contained two major objectives: first, to ensure that the recovery then in its early stages would expand into every sector of the Canadian economy; and, second, to make the recovery a durable one by beginning immediately to create the conditions for sustained economic growth and development in the 1980s. Bill C-2 now before the House represents a large part of my recovery Budget. It contains tax initiatives which will provide more than \$2 billion worth of tax assistance to the private sector over the four years of the Government's recovery program. These measures are vital to the building of a broad and durable recovery with particular emphasis upon a gradual but sustainable revival and expansion of investment in all phases of economic development. Investment is the key to an improved and expanded productive capacity which ultimately determines the job-creating capacity of the Canadian economy.

At the time of the April Budget speech many Canadians were not convinced that the economic recovery had taken hold. In the months since then we have seen a remarkable transformation in business and consumer confidence. This confidence is firmly based on the economy's actual performance. The recent report on Gross National Product showed even stronger growth in the third quarter than in the first half of the year. The turnaround in the Canadian economy is stronger than the recovery which is occurring in the United States. Canada has