

HOUSE OF COMMONS

Thursday, April 28, 1983

The House met at 11 a.m.

● (1105)

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, April 25, consideration of the motion of Mr. Lalonde that this House approves in general the budgetary policy of the Government; and the amendment of Miss Carney (p. 24689).

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, it is indeed a pleasure for me to participate in this budget debate. I think all Members would agree there is nothing more difficult in Government than drafting a budget, and as a colleague and as a fellow citizen, I want to express my heartiest congratulations to the Minister of Finance (Mr. Lalonde) on his superb effort.

Some Hon. Members: Hear, hear!

Mr. Lumley: I cannot recall a budget which addressed in such a constructive fashion the fundamental issues facing the Canadian economy. As the Minister said in his budget speech, economic recovery is underway. The measures he announced will go a long way toward creating the climate of confidence necessary if the recovery is to be accelerated and our goal of creating secure jobs for Canadians is to be met.

The thrust of this recovery budget is divided into two main areas with respect to job creation. First and more immediate is the direct job creation and Special Recovery Capital Projects undertaken by the federal Government. The second phase, the strengthening of the private sector, I believe is the key to long-term prosperity for all Canadians. As the Minister responsible for Industrial and Regional Development, I would like to address my remarks today to this aspect of our economic renewal program. Needless to say, Mr. Speaker, time does not allow me to detail all the measures my Department will undertake in this regard. However, I will try and highlight the key instruments.

It has been said so often and so accurately that the main engine of growth in the Canadian economy always has been and always will be the private sector. However, let us be under no illusions.

Canada's industries have never before faced such a challenge. Increasingly, both developing and developed countries

are competing with us for markets abroad. I do not refer just to foreign markets but also to our own domestic markets. This budget has offered specific assistance to Canadian firms so that they can meet this challenge.

The budget also addresses our current situation in a realistic way. It recognizes that the private sector has undergone tremendous pressure in the past few years as evidenced by the dramatic decline in corporate profits. I do not have to tell this House that without corporate profits there would be no corporate investment. Without investment there would be a continuing loss of competitiveness for our firms, by not maintaining a competitive position results in a reduction in employment. This budget has provided the means which will enable Canadian firms, particularly the small and medium-sized businesses which have a much smaller resource base to draw upon to restore their balance sheets, to get out from under the inordinate debt burden many have been carrying. They will then be able to divert moneys now spent on debt servicing to more productive, job creation activities.

The \$300 million Special Recovery Investment Fund announced in the budget will be put to use immediately to lever investment in the private sector. When this year's \$100 million and the \$200 million next year is added to the approved reference levels for my Department, we will be delivering \$2.5 billion of direct assistance to industry in that two-year period.

Our private sector consultations indicate that there are many projects being contemplated by Canadian corporations. We feel we can assist in accelerating these investments because of the incentives these additional funds will provide.

● (1110)

The Government, as Hon. Members know, has brought forward many of its own spending plans so that projects can proceed earlier. Not only does this Special Recovery Program assist in the provision of jobs in the shorter term, it ensures Government financing needs will be drawn from the available capital pool at a time when private sector borrowing will be lower. As private sector investment increases—and that is what we required for the long-term, sustainable recovery—Government borrowings will decrease.

It is clear that within this broad framework established by the budget some very specific activities will occur. One goal, that of increasing our productivity, must be stressed again and again. The Government and the private sector, which includes both industry and labour, must direct their resources to