

New programs to stimulate employment, housing and railways

In an economic statement to the House of Commons on October 27, Finance Minister Marc Lalonde announced a program to help the unemployed, stimulate the housing industry and spur the development of the railway system in western Canada.

The \$1.1-billion job-creation program will be financed by the reallocation of existing expenditures for energy, defence and foreign aid in 1982-83 and the next two fiscal years. "Consequently, they will not add to the deficit over the current and coming two fiscal years," said Mr. Lalonde.

Aid for the jobless

In a new employment expansion and development program, the government will allocate \$500 million over the next 18 months to help those who face severe financial difficulty owing to prolonged unemployment. It is expected to provide jobs for some 60 000 individuals over the period.

"The duration and depth of the recession have led to a significant increase in the number of people who will no longer have access to unemployment insurance benefits. Lacking employment and other sources of income, many people will be forced to seek social assistance," said Mr. Lalonde.

Through the new program the federal government will approach all employers in the public, non-profit or private sectors in Canada to generate employment. Final details are expected to be announced soon by the Minister of Employment and Immigration.

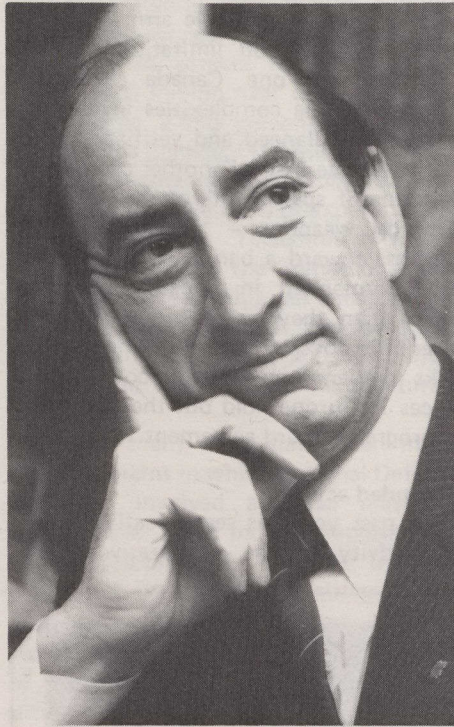
Housing

In the housing sector, an additional \$150 million has been allocated to two existing construction programs: the Canadian home renovation plan and the Canadian homeownership stimulation plan.

An additional \$50 million has been allocated to the Canadian home renovation plan, whereby eligible homeowners are able to receive grants equivalent to one third of the costs of repairs up to a maximum of \$3 000. Some \$65 million has already been committed for homeowners under this plan to the end of 1982.

The further allocation in this plan is expected to provide some 13 000 more jobs in the construction industry.

Under the home ownership stimulation plan, \$3 000 grants will be made



Finance Minister Marc Lalonde

available to purchasers of new homes on which construction will begin between January 1 and April 30. The cost of this program is expected to be \$100 million.

The home ownership plan, which was introduced in the June 1982 budget, provided for \$3 000 grants to purchasers of new houses on which construction started before December 31, 1982 and to first-time buyers of an existing house before that date. Some 65 000 grant applications have been approved to date.

"Starting on January 1, 1983 assistance will be extended to purchasers of new housing only, to generate the maximum amount of activity and employment," said Mr. Lalonde.

Railway expansion

The federal government will also spend an additional amount of up to \$400 million to expand and modernize western rail capacity.

The expansion, said Mr. Lalonde "is critical" to Canada's economic development in the 1980s. It will pave the way for the exploitation of additional coal, potash and sulphur resources as well as increased exports of grain. "The over-all plan will also stimulate western agricultural development and facilitate economic diversification," he added.

Railway investments amounting to some \$11.8 billion are planned over the

period to 1991 and are expected to generate substantial economic activity across the country. Mr. Lalonde pointed out that "in addition to major construction activity and sourcing of materials in the western provinces, the railways' requirements for steel rail, locomotives, rolling stock and electronic equipment will provide major stimulus over the period to the manufacturing sector".

The direct railway expenditures are expected to generate some 400 000 jobs.

While the petroleum incentives program will be maintained, some \$660 million will come from other programs in the energy sector for the new measures. In addition, the outlays in the areas of defence and official development assistance will be reduced by \$230 million and \$245 million respectively from previous allocations.

Mr. Lalonde pointed out that the reductions had been made possible by lower rates of inflation and the gross national product growth. They would "take place without prejudice to our ability to maintain our commitment to 3 per cent real annual growth in defence expenditures, or to achieve our aid commitment level of .5 per cent of GNP by 1985-86", he added.

Unemployment insurance premiums up

Owing to the increased demand for unemployment insurance, Mr. Lalonde also announced that maximum weekly unemployment insurance premiums would rise 53 per cent in 1983 to \$8.86 from \$5.78 this year. The maximum benefits for the unemployed will rise 10 per cent to \$231 a week from \$210.

Other measures announced in the economic statement are:

— the June budget proposal to subsidize mortgage rates by 3 to 6 percentage points, as well as loans to farmers, fishermen and small businessmen, will be dropped owing to dropping interest rates; the small business development bond program has been extended one year to December 31, 1983;

— investors in common stock of public companies will be required to pay tax only on the portion of their capital gain above the inflation rate; and

— the government will drop plans from the November 1981 budget to tax employer contributions to private health and dental plans.

Mr. Lalonde also noted that the federal deficit for the 1982-83 fiscal year, which ends March 31, is now expected to be \$23.6 billion, \$4 billion more than the \$19.6 billion forecast four months ago.