



Bulletin

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HIGHLIGHTS OF THE BUDGET⁽¹⁾

Most economic indicators show improving trends in the Canadian economy. Employment is rising, unemployment appears to be falling, and Canada has moved out of the pause in the growth of production of goods and services.

The latest figures suggest that the high level of exports established early in 1970 is being well sustained. Canada's price performance compares extremely favourably with all other major trading nations of the western world.

The effects of earlier expansionary fiscal and monetary measures are beginning to be felt and their impact will increase. Further stimulus will be added by new measures outlined in this budget involving combined budgetary and non-budgetary expenditures of \$100 million in the rest of fiscal 1970-71 and \$400 million in fiscal 1971-72:

(1) Unemployment insurance benefits will be increased immediately by 10 per cent, pending implementation of the new system of unemployment insurance next July.

(2) Loans totalling \$150 million will be made to the provinces through a fund to finance job-creating capital projects next year.

(3) A further \$23 million will be allocated to federal departments and agencies for capital improvements in areas of highest unemployment.

(4) A further \$20 million will be allocated to development of roads and other local services for the new Montreal International Airport.

(5) The capital budget of Central Mortgage and Housing Corporation will be increased by \$40 million for housing projects.

(6) The industrial incentives program will be expanded to establish a new system of capital incentive grants for an area of southeastern Ontario and southwestern Quebec, including Montreal. Other changes will increase grant ceilings in the Atlantic provinces and establish a system to guarantee loans.

(7) Direct loans and loan insurance under the General Adjustment Assistance Program will be made available to the footwear industry.

(8) The group of measures includes the assistance to shipbuilding announced recently by the Minister of Industry, Trade and Commerce.

(9) Proposals of the White Paper on Income Security have pronounced fiscal and economic implications for next year, including increased payments of \$200 million and a redistribution of income to lowest-income groups and weaker regions.

(10) A capital cost allowance supplement will permit manufacturers and processors to value investments at 115 per cent of actual costs and enjoy higher-than-usual depreciation on capital projects. Business enterprises affected will save an estimated \$25 million in taxes in fiscal 1971-72.

General tax cuts are rejected as an economic stimulant at this time; other proposed measures "will penetrate more surely to the particular points in the economy, where stimulus and relief of economic hardship are more required".

(1) Mr. E.J. Benson, Minister of Finance, presented the Budget to the House of Commons on December 3, 1970.

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