

*Income Tax Act*

The tax program under which farmers and small companies in financial difficulties may apply for low interest loans from financial institutions has been extended for two more years. I am referring, of course, to the agricultural and small business bond program under which lenders benefit from tax concessions. Considering that the agricultural community has made extensive use of those bonds, it would only be fair, in light of recent developments, to call it the agricultural business and small business bond program. More than half of the \$500 million loaned out so far went to farmers. Such loans have considerably reduced the interest rates when they were high and, despite declining interest rates, those preferential rates are still five to six percentage points below current interest rates on commercial loans.

It should be widely acknowledged that this Bill will go a long way towards solving the financial difficulties of small Canadian businesses. We firmly believe that the thousands of small Canadian businesses will account for the lion's share of the new jobs we have to create.

I spoke at length today on certain important measures contained in the budget and aimed at sustaining a healthy economic recovery. I would be remiss if I failed to mention something which is just as important, namely the fact that we have not increased taxes in 1983. On the contrary, we have given tax relief to low income Canadians, and taxpayers as a whole have benefited from a net reduction of taxes. The Bill also includes measures to help needy Canadians. For example, we have made radical changes to the employment expense deduction of taxpayers whose income from employment is less than \$16,700, and that amounts to \$130 million a year. This deduction used to represent 3 per cent of employment income, to a maximum of \$500, but it will now be equivalent to 20 per cent of employment income, subject to the same ceiling. Four million Canadian taxpayers will benefit from this new measure.

The child care deduction goes from \$1,000 to \$2,000, to a maximum \$8,000 for a family. This will lighten the financial burden of families in which both parents work, as well as that of single parent families for whom this deduction is important.

The Special Recovery Program will be financed through higher taxes beginning at the end of 1984, when the recovery will be well under way.

The economic recovery in Canada has been sturdy. Actually, Canada has shown the highest growth rate of major industrialized nations since the beginning of this recovery. We have had the strongest employment growth, we succeeded in having the sharpest drop in the inflation rate of all major industrialized nations in 1983. The strength of our Canadian recovery was recently emphasized by the British magazine *Euromoney*, which listed 93 nations under the various headings of economic growth, inflation rate, currency strength, exports and balance of payments during the past year. Cana-

da's combined performance has been the most outstanding in the free world.

Data recently published by Statistics Canada indicate that this recovery was sustained during the third quarter. Industrial production has increased by 4.4 percent during that quarter, which included a gain of some 2 percent in September. Real economic growth for the first three quarters of the year has increased at an annual rate of well above 7 percent, better still than the American rate for the same period. Economic growth in Canada is expected to be one of the best in the industrialized world in 1983 and 1984.

Let me add that consumer confidence is holding on at an 18-year high, while general confidence in the economy as recently measured by a Gallup Poll, has reached a 6-year high.

Confidence is the key to business. Deseasonalized retail sales data have increased by 4.2 percent in October, the highest monthly increase in five years and a 9 percent increase over October 1982. It can be expected that the sales growth rate will be maintained during the yuletide rush. Mortgage rates are down to a 4-year low, and this is good news for the housing industry. Consumer loan rates are more or less at their lowest level in 25 years, and are below American rates. The economic recovery should benefit all Canadians and bring a sustained improvement in economic performance throughout Canada.

This legislation is the final step in a long process of detailed consultation with the private sector on a wide range of positive fiscal measures which were put forward in the budget. When the budget was tabled, economic recovery signs were still hesitant. Now that the recovery is well underway, it is both desirable and important to inject certainty and stability by putting into legislative form the budget fiscal measures on which the investments and expenditure plans of the private sector are predicated.

The Government of Canada, through fiscal measures and a wide array of policies designed to maintain recovery and economic growth, brings incentives to all regions of Canada. People in all regions are contributing to the national economic recovery with a greater degree of confidence and optimism. It is my view that this new spirit is well justified, based on the good results obtained up to now. We should all co-operate in ensuring that the hopes and promises of better times to come are fulfilled during the coming months and years. I would therefore conclude by urging all Hon. Members to support the fiscal measures contained in this legislation, in order to give to Canadians the means to achieve together the economic successes that are now within our reach, throughout our Canadian nation.

• (1550)

[English]

**Mr. Blenkarn:** Mr. Speaker, I was wondering if the Hon. Member could explain how he saw a tax reduction in the Bill. I point out to him that the federal tax credit, which is now