

*The Budget*

fairness. We will not leave Canadians with another decade of disappointments in the development of the budget and the development of their government.

Today's budget is a call for action. It is a time for opportunity and challenge. As our Prime Minister has said on many occasions, if we have to make cutbacks in government, make them while the economy is growing. The economy is growing now and now is the time for firm action.

We have seen in the past year, not because of our actions but because of the collective wisdom of Canadians and their increased confidence, over 443,000 permanent jobs created in this economy. We have seen a growth rate that far outstrips all of our fellow countries in the G-7. We have shown the way among western industrial nations about how to grow an economy.

We do not take credit for that. We understand that it is not us but we hope that we are helping to provide the environment which makes businesses and individuals confident of the future because that is the way that this economy will continue to grow.

● (1205)

[*Translation*]

We also have an opportunity at the political level. Canadians clearly indicated that they wanted vigorous measures to reduce the public debt so that we can get rid of the crushing burden of high taxes and resulting interest rates.

The challenge we face is just as clear. Canada's economic future is in real danger because of the \$500 billion debt which makes us extremely vulnerable to the brutal impact of interest rates.

These interest rates have continued to rise under pressure from the U.S. and Canada. Since October, short-term rates have risen by about 2.5 percentage points.

[*English*]

It is very important to emphasize this point. I want to say to all parliamentarians here today that sometimes during the course of our committee work we wonder if it has an influence, do the ministers listen, does the Prime Minister listen, do opposition members have an influence. I think the finance committee stands out in its work as a great example of how parliamentarians contribute to the development of policy.

We went through long hearings. We heard from over 650 witnesses in the fall. We came to the conclusion that the government must be prudent, that the government must pay attention to increasing interest rates, that we must take dramatic and deliberate actions to reduce the deficit. The Minister of Finance heeded those words.

Although we seemed to be on the drastic side when we made our recommendations our warnings bore out the truth, that interest rates have gone up and made the job of this government much more difficult.

To the credit of the Prime Minister and the Minister of Finance and other colleagues in the ministry, they responded and produced a budget which showed our own willingness to reach our targets. This caution will be what propels this government to do the right thing in the years to come.

Let us stop and think. What would have happened if we had done nothing? There are voices in the country and voices on the lawn in front of Parliament which say this is really an okay situation, all this talk about deficits is some right wing plot to destroy our social programs. If we had not done anything we would have been \$5 billion higher in our deficit this year and we would have missed the mark by \$10.6 billion next year. In other words, we would be further behind than when we formed the government on the commitment to reduce the deficit to 3 per cent of GDP. The actions are necessary and we are in the process now of taking the necessary steps to rectify the situation.

In order to reach our budget targets as the Minister of Finance explained yesterday we are implementing cumulative savings over the next two years of \$15.6 billion. Over \$13 billion of these savings will be in spending cuts and there will be no increase in personal income tax rates.

As the leader of the third party said a few minutes ago, this is great news for Canada. We have to realize that we have attacked the problem of government debt while at the same time recognizing the legitimacy of middle class families, that the tax burden has shifted over the past 15 years far too much to them and therefore to their children and their ability to have economic security.

This government has listened to that message and listened very carefully and responded with prudence, responded in such a way that Canadians understand that we are putting this government in order and are calling upon them as a last resort to lend assistance.

[*Translation*]

We are also taking firm action to make the tax system fairer, close loopholes and increase the contribution of big business to the fight against the deficit.

[*English*]

Taking the next three years together, the budget delivers almost \$7 in spending cuts for every \$1 in revenues. These actions are changing the size and shape of the government by hard choices on priorities. By 1996-97 program spending will fall from \$120 billion down to \$108 billion. This is the most dramatic action seen in any government for decades.