

*Government Orders*

Bay Street minister who as finance minister contributed so much to making us uncompetitive.

One commentator said about this budget: "Nothing broken, nothing fixed". If this budget is judged a political success by government members it is because no one was left beaten up by yet another tax assault on his or her wallet.

What should worry us all is that this new minister did not reveal any strategy for attacking the big and serious problems confronting the Canadian economy. The essential problem is the failure to create wealth at the same rate as we are consuming it.

Until recently in Canada, standards of living were improving and people were feeling good about the possibility of realizing their expectations for themselves and their families. Recently, however, people became aware that something was going wrong. The evidence of the distemper that arose from this sense of disquiet is easy to find. It can be seen in the revulsion against paying taxes, in anger at politicians, in polls that, for the first time, show that Canadians do not expect their children to be better off than they are.

The combination of our enormous natural resource wealth and the post-war industrial boom contributed to our false sense of assurance that things would just keep on getting better. Standards of living increased rapidly during the decades of the 1950s, 1960s and 1970s, both in terms of the level of personal consumption and the level of state supplied services. Our ability to produce wealth in North America was such that in the 1950s and 1960s wealth doubled every 22 to 23 years.

By the 1980s the rate of growth had slowed to the extent that it would double in about 90 years. Statistics Canada has told us that in the 1980s real family incomes in Canada remained stagnant. Meanwhile, the government's financial predicament has continued to degenerate to the point that almost 35 cents of every tax dollar paid to the federal government goes to just pay interest on the federal debt. No wonder Canadians feel they are not getting their money's worth for their taxes. The reality is that they are only getting 65 cents worth of services for every dollar they pay.

For Canadians, I believe the issue is very simply whether Canada will be able to marshal its human and financial resources, not just its natural resources, over the next decade to ensure that we are capable of providing goods and services that other nations of the world are not only willing to buy from us but for which they will pay us a lot of money? In other words, will Canada be able to compete in those key industries in which technology, skills and innovation are important and well rewarded? Will the jobs created in Canada over the next generation be high wage or low wage jobs?

This has never been a worry for Canadians before so it is truly a new generation of problems in search of new public policy solutions. The rapid intensification of competition for jobs among Canadians stems from trade liberalization and technological change, but also from the fact that a whole new set of players in this competition is emerging, some in the Far East and some in the emerging nations of eastern Europe. The speed with which we are being confronted by change in many ways is more than vaguely disquieting. In politics and in business, change is rapid and consequential.

One does not need to look beyond our own borders to recognize that significant political change is likely to occur and that its consequences for our economy may be quite wrenching. While people may sometimes claim to like change and even to desire change, in reality people tend to resist change.

The modern age is thrusting change upon us. In the last federal election the Prime Minister campaigned on the theme of managing change. He may have even won the election because he was able to identify the fact that Canadians both feared change and recognized its inevitability and so wanted to be reassured that the man in charge would not let change simply sweep away all they considered important and comforting but that he would manage it. That is, he would slow it where possible and mitigate its consequences.

The pillars of Tory economic policy—deficit reduction, a free trade agreement with the United States and the GST—are not methods of managing change. The Tory strategy, as I believe even the government would describe it, has been to try to get the fundamentals right and then stand back and let market forces hold sway.