

The Budget

Canadians have told us. I want to thank the Minister of Finance who consulted us before tabling this budget.

We know that in 1984, when we came into power, the accumulated debt already stood at \$200 million. Quite often people do not make the difference between the accumulated debt and the annual deficit. A quick calculation shows that the debt we had then stood at \$206 billion. Now, thanks to the efforts of this government since 1984, we have operating surpluses when you exclude the debt that was already there.

Last year we already had an operating surplus of \$12 billion with our programs. If you make a projection over the next year, we might have a surplus of \$25 billion. What must be explained to people is the fact that to those \$206 billion that we had in 1984 you have to add the \$239 billion in accumulated interest. So, if you add up the debt of 1984 with the compounded interest and then subtract the surplus you arrive at a total debt of \$420 billion.

It is not easy for a government that comes into power, to have to manage such an operating deficit from the start. It is like asking a family that spends \$100 per week on groceries to pay the rent, the interests on debts, or to make monthly payments on the car or the house when it is already \$16 short to pay the \$100 grocery bill. So you have to work on reducing superfluous expenses to eventually be able to pay only the grocery, then the interest on the debt, then reimburse the capital on that debt, and so on.

That is what the Conservative government is in the process of doing. We already have operating surpluses and a deficit that gets lower every year so that by 1994-1995 we will be able to start paying off the debt.

• (1700)

I think that this is a positive sign and that the management and operation of a government are a long term business rather than a short term one. When asked what they think of the government's approach the business community and the small business owners say that they support it. Who creates jobs? Small businesses, promoters and people like them. That's why we must manage the government in a way that will reassure them.

In this budget we announced a 1 per cent cut in personal income taxes this year which should inject \$500

million in the economy. With another 1 per cent cut next year \$1.2 billion more will flow into the economy. They say that 1 per cent is not much but if we had not done it we could have saved close to \$2 billion which would reduce our deficit or our debt by the same amount. So I think that measure makes things a little better for people and it represents an injection in the economy of a total amount of \$2 billion over the next two years.

We also know that business—I mentioned it earlier—is the motor of our economy. But for too long it has been overburdened with taxes. Tax measures were not an incentive but rather a hindrance. Then a reduction of 1 per cent in the business tax rate was announced in the present budget. One knows that business profits are taxed from the very first cent after one year. When the tax rate on these profits is cut by 1 per cent, this percentage point is important for the business person who can then sell its product at a lower cost, thus promoting exports, increasing sales, which inevitably fosters job creation. When products are sold, more workers have to be hired. That is how things should be done, working together with the business people to create jobs for the future.

Furthermore, we are enabling business people. I know from experience that when you buy machinery you can claim capital cost allowances. So, when we announce a 30 per cent capital cost allowance rate in this budget this actually represents a lot of money for a business. Let us say you have \$100,000 worth of equipment. If you deduct 30 per cent this represents \$30,000 in deductions from profits. That is an incentive and it shows businessmen that this government sides with them and gives them an opportunity to tap an increasingly competitive world market in the years to come. Once again, that will mean new jobs.

Small businesses will also be allowed to access more risk capital at slightly lower rates. The maximum amount has been raised from \$100,000 to \$200,000. That will give the small business or the entrepreneur who wants to start a business good credit terms. It was also announced that \$230 million would go to research and development.

All those budgetary items will be incentives for business. I heard the president of the *Association des manufacturiers du Québec* say on budget night that this kind of budget is a boost to small businesses and that he is quite glad at those announcements.