

*The Budget—Mr. Reimer*

before it introduced it and gave a free ride to some people while also giving away money that should have been used to reduce the deficit.

I appreciate the Hon. Member's emphasis in his speech that the Budget should have concern for its effect on people. He especially targeted the needs of children. The Budget errs not only in adding extra taxes that impinge on children, primarily it fails to address their needs and even recognize their poverty in many parts of this country. I think that is shameful. I appreciate the Hon. Member bringing that to our attention.

We also live at a time when children are hungry throughout the world. We live in a world that is spending \$1 trillion a year on armaments. Canada is making its contribution to arms through our military expenditures. How does that affect Canadians and what should be our position? How should the Budget address that issue?

**Mr. de Jong:** Mr. Speaker, I thank my colleague for that question. Indeed, it would be a progressive step if Ministers of Finance begin to acknowledge the cost of the arms race and the effect of that on the budgets of governments throughout the world. It is not possible to remove almost \$1 trillion from the world economy without everyone suffering.

A peace institute in London estimates that the cost of the arms race is equivalent to two years of employment income for every working person in the world. If there was a process of disarmament which released that \$1 trillion for useful production, countries throughout the world would have the hard currency to afford our wheat. There would not be this obscene situation in the world today where there are surpluses and hunger existing side by side. It would help our farmers and certainly help those in need throughout the world if \$1 trillion was available for productive purposes, such as building homes and schools, providing decent day care and creating employment in social areas. There would be much less unemployment today, our books would be balanced and we would live, not in a world of scarcity and cut-backs and deficits as we are today but in a world of plenty. Surely humanity has reached the stage where there are enough resources and enough technology to produce an abundance for us all. Yet \$1 trillion a year is sucked out of the world economy in the production of equipment that is only used to kill human beings. It distorts the international economy and turns our society into one where resources are scarce, the poor are ignored, and unemployment is high.

I believe it would be a progressive step if Ministers of Finance included a paragraph in their Budgets noting the economic cost of the arms race and expressing the hope on behalf of all Canadians that some day soon we will have a new international atmosphere in which disarmament and the reduction of expenditures on arms can occur. Humanity could then begin to realize the tremendous potential we have.

**The Acting Speaker (Mr. Johnson):** Resuming debate.

**Mr. John Reimer (Kitchener):** Mr. Speaker, I welcome this opportunity to speak to the Budget introduced by the Minister of Finance (Mr. Wilson) on February 18, 1987.

In 1984, Canadians gave the Government a mandate to bring the Canadian economy back on track. When we were elected as a government in September, 1984, we knew as a government and a party that it was time to get back to economic basics and get at the source of the country's economic difficulties. Therefore, in the November, 1984, Economic Statement, the Minister of Finance introduced a comprehensive plan for economic renewal. That plan consisted of four fundamental items on the agenda: first, deficit controls; second, job-creation; third, increased investment and international competitiveness; fourth, the realization of these three goals while maintaining socio-economic justice and compassion.

Following that statement, in May, 1985, and again in February, 1986, two budgets were brought in consistent with these four principles. Now, in this most recent Budget, the central message of the Minister of Finance is that our economic renewal program is working. The Minister stated at page 3579 of *Hansard* on February 18:

The results tell the story. We are on the right track. Our program of economic renewal is working.

That is good news for all Canadians. Measured against each item on the 1984 agenda, our economic performance during the past two and one-half years has been nothing short of remarkable.

First, let us look at deficit control and reduction. The facts on deficit control and reduction speak for themselves. When we came to office the annual deficit was more than \$38.3 billion and rising. For 15 straight years annual deficits had swollen the accumulated national debt to \$200 billion. In fact, the national debt had doubled in just three years prior to our coming into office. The private sector was being stifled by over regulation and wasteful government intervention in its affairs and a lack of spending control over government funds.

What did we do? We abolished the destructive programs such as the National Energy Program and the Foreign Investment Review Agency. We removed distortions in the tax system. We are now privatizing Crown corporations and have privatized 13 to date. We are actively encouraging research and development and investment.

Let us look at some of the results of our actions which we began after the November, 1984, Economic Statement. The deficit is down from \$38.3 billion in 1984-85 to \$32 billion in 1986-87, with a projected further reduction to \$29.3 billion in the 1987-88 fiscal year. That is a three-year decline of 23.5 per cent. The three-year successive decline in annual deficit is the first time that has occurred in 30 years. In other words, one must go back to 1957 to see an equivalent three-year successive reduction in the deficit.

Let us look at a second fact with regard to annual deficits. It is that 67 per cent of the decline of the deficit since we have