

The Budget

The message of the budget is clear. It calls on Canadians to persevere in the battle to control spending, reduce the deficit and to fight inflation.

Moreover, it holds out the promise that its measures will put us back on the deficit track set out in the 1989 budget, which will lead to a dramatic cut in the federal deficit to \$14 billion by 1993-94 and to \$10 billion in 1994-95. That track will allow the burden of national debt to begin to be reduced as it shrinks relative to our national income.

[Translation]

The policies announced in the budget, Madam Speaker, will move our national finances ahead, so that spending on debt interest will shrink from 35 cents of every revenue dollar today to 26 cents and falling in 1994-95.

My confidence in the policies set out in the budget is well placed. It stems from the fact that they are the same policies this government set out in 1984 and has been following since, with positive effects for the economy. In that November 1984 Economic Statement the Minister of Finance set out a plan with two main thrusts: to put the government's financial house in order, and to foster a dynamic, innovative and competitive private sector.

Our actions since then have challenged Canadians and encouraged them to improve their ways of doing things, but the real source of pressure for change is not the government, Madam Speaker, it is the rapidly evolving and increasingly competitive world in which we must earn our way.

Our policies have really recognized this. They promote the development of a dynamic, flexible economy that responds quickly and effectively to new challenges and opportunities; a more open and market-oriented economy that brings out the best of our competitive abilities.

Let me remind you, Madam Speaker, of the major initiatives taken by the government to strengthen the structure of the economy and encourage the development of growth and job creation.

The Canada-U.S. Free Trade Agreement has opened up new opportunities in the large American market. This will help build a stronger, more competitive economy. It

will lead to an ongoing 3.5 per cent increase in our economic output, in all regions of the country.

• (1750)

Deregulation of the energy and transportation sectors, through scrapping the National Energy Program and other initiatives, has reduced government interference in these key parts of the economy, and encouraged greater competition and efficiency.

[English]

Reform of the income tax system has lowered tax rates and eliminated tax breaks and loopholes. The system is now fairer, and provides greater incentives to work, save and invest, with a resulting increase in economic output.

Our Labour Market Development Strategy seeks to improve the flexibility of the labour force. Better training means better jobs. A better trained and more flexible labour force can adapt more quickly to new technology and change.

Privatization of Crown corporations and sale of investments where government ownership is no longer needed to meet public policy objectives has led to greater economic efficiency and deficit reduction. Since 1984, holdings in 18 corporations have been sold or reduced, and eight other corporations have been dissolved. As well, the financial health of many Crown corporations has substantially improved.

Reform of the sales tax system is a necessary further element in our economic plan. The existing manufacturers' sales tax impairs our economic competitiveness, is unfair, and does not provide a secure source of income to help control the deficit. It destroys jobs and costs Canada \$9 billion in lost annual output. The GST will unlock our potential for new growth and job creation. It will be a fairer tax, because of the refundable tax credit, and it will provide a secure source of revenue to the government.

Taken together, all these reforms will significantly increase the capacity of the economy to produce goods and services. They raise potential growth from an average of 2.75 per cent a year to over 3.25 per cent. That means more jobs and a higher standard of living for Canadians.

[Translation]

I said earlier, Madam Speaker, that this approach has been successful. The proof lies in the record which shows that Canadians have responded well. About 1.6 million