

The Budget—Mr. Reimer

the unemployment rate reached an incredible low of 2.9 per cent.

Let me look at what the Liberals and the NDP have been saying in all of this. What has been their response to the Government's economic agenda? In 1984, members of both the Liberal Party and the NDP said that our economic statement with its spending cuts would cost Canadians between 125,000 to 150,000 jobs. Later they said about the May 1985 budget that it would cost 150,000 jobs. In fact, while the Liberals and the members of the NDP have been predicting doom and gloom, some 1,158,000 jobs have been created. So much for the credibility of their statements compared to the facts and what has actually happened.

Indeed, if their voting record is any indication they have been doing everything possible to obstruct Canada's recent economic upswing. For example, both the Liberal Party and the NDP voted against the repeal of the disastrous National Energy Program. They voted against the dismantling of FIRA and increased foreign investment through the creation of Investment Canada. They voted against increasing the total amount of money that may be lent under the Small Businesses Loans Act. They were against the privatization of Teleglobe Canada, the sale of which has resulted in significantly lower rates for overseas telephone calls.

Further, the NDP voted against \$456 million in additional funding for regional industrial expansion. It also voted against a legislated end to the postal dispute, the railway strike and the grain handlers' strike.

It is no wonder then that an article in the January 30, 1988 edition of the *Calgary Herald* is not alone in its estimation when it stated, "On the policy front neither the NDP nor the Liberals can compete". In that same month *The Globe and Mail* in an editorial column contrasted the solid achievements of the Government with the lack of any clear alternatives from either the Liberals or the NDP.

The Government's policies are right. They have been working. This latest Budget indicates that we are committed to making sure that they continue to work. Indeed, it is precisely because of the dramatic economic growth which has resulted from these policies that the Government has been able to make a strong commitment to some new programs. A case in point are the Government's various child care measures.

In December of 1987 the Minister of National Health and Welfare (Mr. Epp) announced the Government's national strategy for child care. This policy will produce an additional 200,000 quality child care spaces over the next seven years. The Budget moves to implement the tax initiatives that are a part of this strategy. The initiative is also of great importance to Canadian families. It will help to eliminate a barrier to many women who work or who want to work outside the home. It is also a flexible program in that it also increases tax assistance to many who choose to work in the home.

As a part of the national child care strategy the maximum child care expense deduction will be doubled to \$4,000 from \$2,000 for children six and under and for all children with special care needs. For those not having receipted child care expenses a supplement to the refundable child tax credit of \$100 in 1988 and \$200 in subsequent years will be paid on behalf of each child six years old and under. The supplement will be prepaid each year on the same basis as the refundable child tax credit.

Likewise we are also ensuring jobs for Canadians in the future through our commitment to science and technology. At the National Conference on Science and Technology and Innovation in January the Prime Minister announced \$1.3 billion in federal funding for the new science and technology activities over the next five years. These will include a national program of centres of excellence on university campuses and a program of Canadian scholarships in science, engineering and related disciplines.

The National Advisory Board on Science and Technology chaired by the Prime Minister bringing together 40 eminent Canadians from all walks of life has already held over 50 meetings in just nine months of work. As a result of the expert advice and constructive work of this board the Innovaction Program has been developed to focus science and technology in five critical areas: industrial innovation and technology diffusion; development of strategic technologies; effective management of federal science and technology resources; human resources for science and technology resources; and public education in science and technology.

Further, Canadian companies carrying out research and development receive strong support through the tax system. When deductions and tax credits for research and development are taken into account the tax incentives for Canadian firms to invest in research and development are among the most advantageous in the industrialized world.

The Budget must also be taken in concert with our initiative on tax reform and the changes affecting the income tax system introduced by the Minister of Finance on December 16, 1987. Those reforms will simplify the structure of personal income tax rates. There will be three federal tax brackets rather than ten, with the rates fixed at 17, 26, and 29 per cent. Personal exemptions and many deductions will be converted into tax credits, improving the fairness of the system, and there will be a reduction or elimination of many tax breaks.

• (1640)

As a result of these tax reforms, personal incomes taxes will be reduced for 9.7 million households, 85 per cent of the total. Income taxes will be reduced for 90 per cent of senior citizens. Approximately 850,000 Canadians, including 250,000 senior citizens, will have their income tax reduced to zero. Their personal income tax reductions will be reflected in payroll deductions and pay-cheques beginning on July 1, 1988.