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Deficit reduction, a priority of new government

In his first statement on fiscal policy to the House of Commons on November 8, Finance Minister Michael Wilson emphasized the urgency of reducing Canada's deficit. "Deficit reduction," he stated, "is the key to rebuilding confidence and confidence is the key to growth and job creation. Controlling the deficit must be our priority for this year and for each year of our mandate," he said.

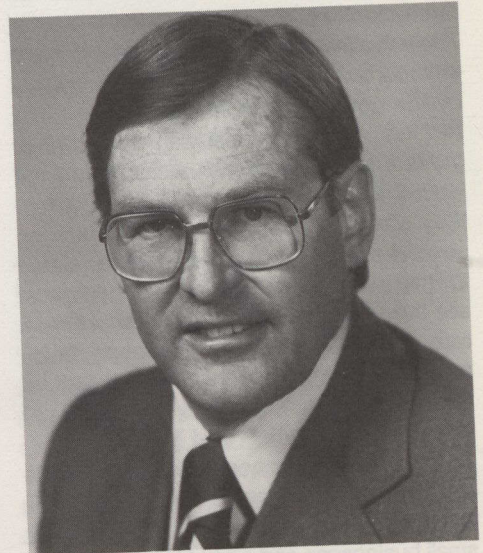
Outlining the first challenge the government has set as a priority for economic renewal in Canada, Mr. Wilson said that we must "put our own fiscal house in order so that we can limit and ultimately reverse, the massive build-up in public debt". The other challenges essential for economic growth are: "to redefine the role of government so that it provides a better framework for growth and job creation; to foster higher investment, greater innovation, increased international competitiveness and a positive climate for the birth and growth of new enterprise; and to bring about these changes in a way that is fair, open and consistent with the basic sense of compassion, tolerance and justice that is characteristic of Canadian society".

Spending cuts

To meet the first challenge, Mr. Wilson announced more than \$4.2 billion in spending cuts and revenue-raising measures for next year. These spending cuts across all government departments are outlined in the *Expenditure and Program Review* released with the economic statement by Robert de Cotret, the president of the Treasury Board. Some 80 programs and agencies will be affected by the measures aimed at decreasing the deficit.

Mr. Wilson stressed the urgency of getting the federal government off "the very dangerous treadmill" of escalating deficits, saying that further cuts are under review and would probably be announced in his first budget early in 1985. Over the next five years Mr. Wilson plans to cut the deficit by between \$10 billion and \$15 billion.

As part of the concentrated effort to reduce federal spending, Prime Minister



Finance Minister Michael Wilson.

Brian Mulroney and the 39 cabinet ministers will take reductions in salary. Members of Parliament, senators and former members of Parliament have also been asked to share the burden.

As well, the government will establish a committee to review pensions paid to former members of Parliament. Current pensions, paid under a complex formula based on years of service as well as level of contributions, are "more generous than most plans in the private sector", said Mr. Wilson.

Some of the programs and agencies which will be affected by reduced government funding include: programs geared to businesses cut by about \$209 million; the Canadian Broadcasting Corporation's budget has been cut by \$85 million; Via Rail, the national passenger train service, will receive \$93 million less; air travellers will face a 1 per cent increase to 9 per cent in the airport tax they pay; fees will be charged or increased for many government services; home owners planning to insulate their homes or convert to gas heating will no longer receive grants; the summer-job subsidy scheme is being cut by \$85 million; research and development is being cut back by about \$70 million; and the national



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