

Statements by Ministers

These two measures will not increase taxes on Canadians. They will ensure that the Government receives money it is owed on a more timely basis. This will reduce our need to borrow and will yield ongoing savings in interest costs.

The proposals I am presenting tonight are fiscally balanced. The personal income tax reductions are made up by increases in corporate and sales taxes and the acceleration of tax collections.

ECONOMIC AND FISCAL OUTLOOK

I am tabling with the tax reform proposals an updated economic and fiscal outlook.

[*Translation*]

Our economic prospects for this year are little changed since my February Budget. I am very much encouraged by the strong employment growth and declines in the unemployment rate we have seen in recent months. Since September 1984, Canadians have created 840,000 jobs. The unemployment rate, at 9.1 per cent, is at its lowest level in more than five years. But what is most encouraging are the indications, from both employment data and recent surveys of investment intentions, that growth is becoming better balanced across the regions of Canada.

[*English*]

Over the medium term our economic prospects will depend greatly on the success of the industrialized countries in reducing the large international trade and fiscal imbalances that cast a shadow over world growth. Canada is playing a constructive role in this regard. Much progress has been made in recent months. The recent economic summit in Venice underlined the determination of the major industrial nations to continue that progress. Canada shares fully in the commitment expressed at that summit to take further action to achieve our shared economic objectives if that proves necessary.

Our prospects will also depend on what we do at home. Making further progress on tax reform, on our trade initiatives and on the deficit will strengthen investment and growth in all regions of Canada. This will provide us with greater strength and resilience to cope with an uncertain world and with a better capacity to sustain needed social programs.

Our fiscal outlook continues to be encouraging. The most recent estimate for the fiscal year just ended suggests that stronger revenue growth at the end of the year will result in the deficit being about \$31 billion, \$1 billion lower than I forecast in February.

As I stated in the Budget, I expect the deficit for this fiscal year to be \$29.3 billion. It will decline moderately over the next two years. The deficit and financial requirements show substantial declines in the medium term. The debt-to-GDP ratio is expected to stabilize by 1991-92. This is a key objective which the Government has set for itself since coming into office in 1984.

I wish to table this White Paper and the related Ways and Means motion and supporting documents.

CONCLUSION

Tax reform is a major and complex exercise. It goes far beyond changing some sections in the Income Tax Act. The results must be judged not only in the tax savings of individual Canadians. They must also be judged on how we can contribute to a stronger, more just and more vibrant Canada, in the 1990s and beyond.

The package I am now placing before Parliament and the nation respects our needs today and will help us build a better tomorrow. It reflects the concern we share for our senior citizens and the challenges facing our young people and our entrepreneurs. It respects the importance of our farmers and our resource industries. It recognizes the competitive battles being fought daily by our manufacturers and the challenge of the future for our technology and service sectors. It provides tax savings to individual Canadians and gives them the freedom to spend, save or invest as they see fit.

Some are being asked to pay a greater share through a reduction in tax preferences. In making these decisions, I have considered carefully the key goals of greater fairness and competitiveness. And where the impact is substantial, the change will be phased in over time.

But in the final analysis, this package will be judged on whether we have given to our senior citizens more peace of mind and security; to those in greatest need, a fairer and reduced tax burden; to our young, a greater sense of opportunity and hope; and to our working people, more incentive, stability and freedom.

I believe we have met these tests.

Some Hon. Members: Hear, hear!

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, first of all I want to tell you that I do not take any joy in what I am about to say, because no amount of applause from the Tory benches can disguise the fact that the Minister of Finance (Mr. Wilson) has not delivered a White Paper on tax reform tonight. He has delivered a budget, and he has violated the long-standing tradition of budget secrecy. Because he has done so, parliamentary convention and tradition demand the immediate resignation of the Minister of Finance.

Today in Question Period the Prime Minister (Mr. Mulroney) said that the statement of the Minister of Finance was going to be a discussion paper in the same way the White Paper of the Minister of National Defence (Mr. Beatty) was a discussion paper. The Prime Minister and the Minister of Finance know that there are important differences. The White Paper of the Minister of Defence asks Canadians to discuss a proposal for nuclear submarines. Those submarines may never be built.