

The Budget—Mr. McCrossan

effects are being felt across the country with the majority of jobs being created being full-time ones.

The last Government had a cost of living plan. Somehow it hoped to get down to as low as 6 per cent and 5 per cent. I guess they were nice objectives for the day, but through the actions of the Minister of Finance we have seen the cost of living in Canada settle down in the 3 per cent to 4 per cent range, almost half what the previous Government thought was achievable.

The deficit, another important measure of international economic activity, has shown a dramatic fall. It is important to recognize this not only in national terms but in international terms as well. In national terms there was a steady and dramatic increase in the deficit between 1980 and fiscal 1984-85. The deficit rose from around \$10 billion to \$11 billion up into the high thirties, through just plain economic mismanagement. We have seen a steady decrease in each of the first three years covered by the first three Budgets of the Minister of Finance. This year it will be down to the same level as that in the United States in terms of the deficit as a proportion of the Gross National Product.

Let us put that in perspective in international terms. When we took office in September, 1984, our deficit was almost twice as large, as a percentage of the Gross National Product, as that of the United States. It is quite clear that next year or the year after that we will be below the U.S. deficit as the economic plan comes into full fruition. This has been done primarily through program expenditure reductions. This fiscal year represents the first year in which there are actual reductions in program expenditures since the Korean War. No other Government has had the courage to do what the Minister of Finance has done in his three Budgets.

As I said, we have had a major turn-around. For example, the reduction in interest rates has prompted a boom in housing construction across the country. I remember when the predecessor member for my riding was the Minister responsible for housing and talked about maybe constructing up to 120,000 housing units per year. We will have 200,000 new houses constructed in Canada this year. That is primarily a tribute to the improving economic environment and to the very low rates of interests available for people to finance their houses.

• (1630)

To listen to the Opposition, you would think that all this was an accident, that we were exceptionally lucky or that somehow we were catching up with the rest of the world. I know one thing, Mr. Speaker, it is possible now and then to fluke in to a lucky gain in one area. Look at the areas that I have enumerated. We are number one in the world in so many different areas that it cannot conceivably be argued and dismissed, as the Opposition seems to, as being some sort of accident or some sort of blind luck. I am reminded of the Canadian humorist Stephen Leacock who once said: "The harder I work, the luckier I get". That really is the true explanation for

sustained luck. Sustained luck may appear as luck to those who do not work hard. It may appear as luck to those who do not have a plan, who do not understand how to produce good fortune, but sustained good luck is the result of planning and hard work.

I mentioned in my introductory remarks that in his Budget the Minister of Finance has had a record of continuously improving the environment for pensions and annuities, particularly in the private sector. That trend has continued in this Budget. Important restrictions were removed in this Budget that were introduced in the 1981 MacEachen Budget. In 1981 Mr. MacEachen introduced severe tax penalties for those people who were trying to save for their retirement through the use of single premium deferred annuities. He said, in effect, that if you retire before age 60, you would pay the full tax immediately upon seeking retirement or you would pay the full tax at the end of six years and you could not build up money for retirement. The Minister of Finance in this Budget has changed the rules to provide a fair system of taxation for the single premium deferred annuities so that people can elect to retire before age 60. This is a follow-through on the changes that the Minister brought in with Bill C-90. He provided in his May 1985 Budget that pension plans must provide for early retirement within 10 years before normal retirement. The Minister has eliminated the nonsense introduced by Finance Minister MacEachen that you cannot retire before age 60, and if you do you will have tax penalties. That is not in line with current thinking. The measure in this Budget is an important one for tens of thousands of Canadian savers.

Also the Minister of Finance has introduced rules for splitting CPP pensions. As you know, Mr. Speaker, in the Canada Pension Plan Bill passed last June there were provisions so that a husband and wife could decide to rearrange their Canada Pension Plan payments. If the husband's payment happened to be higher or if the husband happened to have the only CPP pension, the couple could split the pension between the husband and the wife. Under the old income tax attribution rules, while people could physically transfer payments, one could not transfer the tax effect of the payments. Our Finance Minister has brought in progressive measures in this Budget so that now families can rearrange their CPP payments between the two spouses so that they can not only split the payments but also share the tax advantages of re-arranging the payments. Similarly, in the Minister's pension reform legislation, he has been very conscious of the fact that women, spouses, have been hard done by in the past. In the legislation following from this Budget we will see special provisions for the next seven years to allow the roll-over of pensions into spousal RRSPs of up to \$6,000 a year, so that those spouses who were not adequately provided for through retirement pension plans and through having participated in the workforce can have money built up in their own names. It is important that these tax measures will primarily benefit single women—single not in the sense that they are single now but in the sense that as women outlive men they are widowed—and the major poverty problem in Canada over the last