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[*Translation*]

The then Government may well have taken the inflation threat with a grain of salt, but we do not intend to make the same mistake. At stake is nothing less than our capacity as a Government and as a country to maintain the high standard of living and the quality of life which Canadians rightfully expect.

To protect and strengthen that capacity we must implement firm, moderate and cohesive fiscal and monetary measures which will keep us on a right course towards lower inflation and interest rate reductions. Our policy has to be realistic and responsible, where short-term risks and mid-term objectives strike a proper balance.

In the long term we will continue to lay the foundations of economic progress by following a well-balanced program of financial and economic measures. We will be taking major economic initiatives such as implementing our strategy, making better use of our labour force, revamping the federal sales tax system, and launching the last stage of the financial institution regulation reform which I will be proud to introduce in the House.

We will embark upon a reform of the tax system concerning retirement savings. We will advocate greater liberalization of international trade in our multilateral trade negotiations. We will seek to develop our country by promoting a productive and economically sound agricultural sector. And we intend to privatize more Crown corporations and take steps to ensure that our environment does not fall victim to economic growth.

A sound economy is needed if we are to achieve our goals over the coming years. It will provide more and better jobs, making it possible to respond to the social and cultural priorities of Canadians. However we will fall far short of our objective if we do not come to grips with the threat of our ever growing public debt. We cannot possibly gain control over the debt if our economy falters, but that alone is not enough. Other measures must be taken to reach our economic and financial objectives.

We have made difficult choices in this Budget. We did our best to ensure that the measures as a whole are balanced, that they take regional conditions into consideration, and that they shift some of the burden onto the

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shoulders of those who are in a better position to carry the extra weight. We will not reduce the debt on the backs of less fortunate Canadians.

The Budget contains a wide array of cut-backs in public outlays and measures designed to boost revenues. After implementation, expenditures will be down by roughly \$2.5 billion a year.

Mr. Speaker, let me give a few examples. First there will be reduced expenditures with regards to government operations, business subsidies and other transfers, and payments to Crown corporations. We will not go ahead with the purchase of nuclear powered submarines. Individuals whose net income exceeds \$50,000 will refund through the tax system their old age security benefits and family allowances payments.

This however maintains the universality of those transfer programs. Every eligible person will continue to receive his or her benefits. Those moves go one step further in the cost control initiatives taken since 1984.

Through those and previous moves, program expenditures have gone down from 19.5 per cent of the Gross Domestic Product five years ago to 16 per cent this year. They continue on going down till 1993-94 to reach a level slightly higher than 15 per cent, the lowest in 25 years.

Mr. Speaker, on the revenue side Budget initiatives are placing a heavier burden on taxpayers who can afford it. And these moves are distributed over a number of sources.

In the corporate sector, a new tax levied on large corporations will apply to capital over \$10 million used in Canada. This new tax ensures that all large corporations pay taxes and help control the national debt.

A new surtax will apply to individuals whose income tops \$70,000. Excise taxes are increased and so is the federal sales tax pending the sales tax reform.

Finally, new changes will ensure that funding for the Unemployment Insurance Program is in line with our effort to control the debt.

Starting in 1990, unemployment insurance benefits will be funded entirely by employer and employee contributions. The Government will continue to cover any deficit in the unemployment insurance account during difficult periods.

Taken together, these moves will save more than \$5 billion this year and \$9 billion next year.