

Around us we are not experiencing that robust recovery and that too has an effect upon Canada because we are a trading nation.

• (1020 )

We rely upon trade for one-third of our gross domestic product. When the world economic situation is in a slow-down, then obviously Canada experiences that. Notwithstanding that, we are making progress.

All these factors have underpinned a modest but steady growth in GDP as I have indicated. We have been experiencing this modest steady growth notwithstanding the fact that there has been a stubborn global recession.

Economic activity in the major industrialized countries world-wide has been held back by corporate restructuring, by trade uncertainties and by huge levels of debt overhang. These are facts of life. The weaker than expected economic growth we have seen in this country has meant that government revenues are less than we expected.

**Mr. Milliken:** In spite of the 32 tax increases.

**Mr. Mazankowski:** I know my friends across the way are going to be fully supportive of the Clinton measures which amount to the biggest tax grab in American history. It will be rather interesting to see how they respond to that.

**Mr. Milliken:** The Prime Minister said they are following your policies.

**Mr. Mazankowski:** Just for the record, I did not increase taxes in the December statement. I did not increase taxes in the February budget. As a matter of fact, we reduced taxes and that irritates the hon. member across the way. He does not like anything that is good. He does not like anything that is positive. He is just so negative.

Government revenues have been a problem and I alluded to that in the economic statement. That is why we are dealing with this bill today. This has led to severe upward pressure on the deficit. As a consequence, we have to take strong measures to keep our fiscal situation under control.

### *Government Orders*

We know and even my friends across the way are starting to learn that sound fiscal policies are essential if we are to maintain economic growth that secures existing jobs and creates new ones.

In the economic statement I presented to the House in December I did outline the steps we are taking to assist economic recovery which is now under way and to foster and bolster stronger growth.

We took measures to stimulate job creation, especially through the small business sector. The small business sector is responding in a very positive way. I think it is a clear indication that in this country small business is indeed the main engine of economic activity.

We took steps to enhance support for research and development, which is one of the most generous R and D programs in the world. We continue to take action to encourage exports through improved access to foreign markets and to improve Canada's international competitiveness.

We increased funding for worker training coupled with measures to foster joint efforts by government, business, labour and the learning institutions to work together to upgrade our skills, to bring about new skills and to make learning a lifelong priority. There is \$3.8 billion being provided.

We provided for additional support for strategic investment in Canada's infrastructure, not the willy-nilly infrastructure program that is being proposed across the way. It is an infrastructure program that is strategic in nature, that will help improve our productivity, that will help improve our competitiveness, that will remove economic bottlenecks. The work can get started on it almost immediately in co-operation with the provinces and the private sector.

These important investments in our economy are indeed necessary, but we cannot allow ourselves to make these expenditures without ensuring that we have sources of revenue and without allowing the debt and the deficit to get out of control. We are at the stage where we cannot simply say "charge it" and make no provisions to pay for the actions we have announced.