and a strengthening of the Canadian capacity to compete in a merciless economic world.

By collaborating to devise a common approach to fundamental economic problems, the federal and provincial Ministers of Finance are currently studying the growing cost of government as well as the various overlappings and duplications. Furthermore, at the request of the Prime Minister, the Economic Council of Canada is carrying out a major study of the impact of governments on Canadian competitiveness.

During tax reform, a number of incentives that enhanced the overall competitiveness of the economy were retained. It will be necessary to continue to review the operation and targeting of these incentives and consider possible improvements.

In particular, the government will be examining whether modifications to the R & D tax credit could ease its administration for taxpayers. It will also examine whether the tax system can be changed to remove potential impediments to the operation of capital markets in Canada. In this Budget, the government is proposing measures to remove the tax-induced bias against pension funds investing in common equities in Canada. This will stimulate share purchase, which would make Canadian businesses more competitive.

More will have to be done, however, to ensure Canada's future prosperity. We need to look hard at the quality of our investments in infrastructure, machinery and equipment, training, education, and research and technology; at private sector spending on training and research; and at other areas, such as education, where our level of spending compares well with international standards but our performance appears to be falling behind.

This is not an issue only for business, labour and government. All Canadians have an enormous stake in strengthening Canada's competitive ability by identifying the problems and developing solutions.

The government will launch a national effort to build a new partnership for prosperity that draws fully on the talents and efforts of Canadians in every sector of economic life. A discussion paper will be released in the spring to help focus public debate toward the building of a broader consensus on the problems Canada faces and the development of solutions.

Through structural initiatives implemented by the government, combined with selective measures that reflect real will to get in tune with a changing economic situation, I am convinced the economic recovery is close at hand. The continuous decrease in interest rates over the last few months combined with the end of the conflict in the Persian Gulf, which will bring oil prices down and rebuild consumer confidence, will be the engine that starts recovery. We have every reason to believe that, spurred by those incentives, growth will be vigorous once again before mid-year.

The February 26 budget of the Minister of Finance is a major step toward the realization of competitiveness and prosperity objectives. It is a watershed budget, that institutionalizes the key elements that will ensure financial stability for years to come. It will make the country stronger and more prosperous, able to assume its proper leadership role on the international economic scene in the best interest of all Canadians from coast to coast, of all children and generations to come.

**The Acting Speaker (Mr. DeBlois):** Ten minute question and comment period.

Resuming the debate with the hon. member for Davenport for a ten minute period.

[*English*]

**Hon. Chas. L. Caccia (Davenport):** Mr. Speaker, it is very interesting to listen to the learned interventions of colleagues on the government side who inevitably, one by one, have concluded their interventions by expressing positive thinking as being the solution to our economic ills. It is reminiscent of some religious movements whereby if one believes it firmly enough and intensively enough a miracle will happen.

I am not sure whether this is the way to reduce the unemployment rate in Canada today nor whether this is the manner in which the role of government ought to be developed on behalf of Canadians. The reality unfortunately is not one that we can write home and gloat about.

We know from Statistics Canada and from independent sources, which are not partisan in nature, that between December 1988 and September 1990 some 108,000 jobs in Canada have been lost in manufacturing. We know that by contrast the jobs promised as a result of the free trade agreement were 500,000, in the opinion of the Prime Minister.