

Government Orders

the costs of training workers to meet these occupational standards.

A nation's infrastructure, such national assets as transportation and communications, can provide an important competitive advantage in the new global economy. Based on savings and other activities the government is committing an additional \$500 million to pursue specific strategic opportunities. In the next five years these initiatives will result in infrastructure of some \$2 billion and directly generate 4,000 to 5,000 jobs a year.

We are taking direct action to help the people of Canada. A tax cut will take effect January 1, 1993. This will put \$1.2 billion back into the economy. It is an economic stimulus, modest but important.

We also announced the 1993 unemployment insurance premium rates for both employers and employees would be frozen at 1992 levels. This leads me to the federal deficit and the challenge it presents us.

It is because of excessive deficit spending during the 1970s and 1980s that our government faces tough limits on what we can do to boost the economy today. We have to break this vicious cycle of borrow and spend if we are going to create a truly strong and prosperous economy.

To achieve this goal we are taking further strong action to reduce federal operating costs. All our new initiatives will be paid for through these spending cuts and budget reallocation. Some \$8 billion will be saved over the next two years.

For two years salaries will be frozen for public servants, the prime minister, cabinet ministers, members of Parliament, senators and the federal judiciary. Crown corporations that depend on federal funding will have operating budgets cut to achieve the same results.

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Operating budgets of government departments will be cut by 3 per cent in 1993-94. Combined with the wage freeze, federal operating budgets will be 5 per cent lower than the planned levels over the next two fiscal years.

Average unemployment insurance benefits will be frozen. Subsidies to most organizations and interest groups will be cut by 10 per cent in each of the next two years. These cuts we recognize mean further sacrifices for many Canadians, but they are needed so that a

stronger recovery and sustained growth can be shared by all Canadians.

In conclusion, our government is taking real positive action to boost Canada's economy and create the conditions for new jobs. The results of these actions are not trickling down; they are showing clear results. At 1.4 per cent inflation, the rate is the lowest in the G-7. Productivity is up by 2.6 per cent so far this year. This increases our competitiveness. Trade performance is showing results. Merchandise trade surplus, one of the keys to reducing our current account deficit, is up by almost \$2 billion from last year.

Real output increased 1.4 per cent in the third quarter. Domestic demand, including consumer spending, housing, investment in machinery and equipment, increased by more than 5 per cent. Employment has increased in five of the last six months. There have been 104,000 full-time jobs. That is the rise since August. Yes, we must interpret these signs cautiously. The world economy is going through a very difficult period.

We are not immune from that. We understand that. We are doing what we can for the Canadian people, this country and the economy, not only today, because we have put in place policies to help today and in the future. We cannot forget the future. I believe that for far too long governments have ignored down the road and looked at the next four years at what might get it re-elected in the next election rather than looking at the long term and what is needed for this country.

Mr. Mills: Nine years later.

Mr. McDermid: Well, in nine years we have accomplished a tremendous amount. In tax reform, in new trade agreements, we have accomplished a tremendous amount in this country. Today, there are—I will get the exact figure for the hon. member over there who is chuckling away—1,247,000 more people working than in 1984.

As the fundamental strengths of Canada's economy continue to grow, we will be well positioned to be a growth leader among the major nations as the world's economy improves. Everyone in the world is saying that today. This will prove that our government has truly and fully honoured its obligations to Canadians to help them win a secure and prosperous future. That is what we are working toward and will continue to work toward.