

Government responded positively to two further challenges; first the challenge presented by growing competition and protectionism internationally.

• (1640)

The Member for Laval-des-Rapides was criticizing our initiative on bilateral trade with the United States. He said we are looking at the trees rather than the forest. In fact, that is what is wrong with his policy. The Liberal Policy on bilateral trade liberalization is to discuss individual irritants and hope the Americans will pay attention. They would like to discuss steel, potatoes, or whatever. In fact, that approach has not been working and will not work. The comprehensive trading umbrella under which we are talking to the Americans has them listening and will lead to the solution to the problems which we have been living with during the last 10 years. That is the comprehensive approach of addressing the forest rather than just the trees. It takes courage to do this and the Government is doing it.

There has been a challenge presented on regional disparity at home. We have taken action to deal with that. We have signed economic and regional agreements with most of the provinces. Let us not forget the abolition of the Petroleum and Gas Revenue Tax. It has provided a positive framework for energy development. To assist the Atlantic region we have signed the Atlantic Accord and the Nova Scotia Accords which were extremely well received. We have instituted the Atlantic Enterprise Program and are directing an additional \$600 million in federal procurement to Atlantic Canada over a four-year period.

Western Canada is benefiting from the assistance given to farmers through the crop insurance program and the special drought assistance program. Our actions supporting grain transportation and the huge \$1 billion special Canadian grains program announced in December are concrete actions taken to meet real needs. These things have been mandated by the Throne Speech and will be announced by Ministers at the proper time as the fiscal year unfolds.

[Translation]

Our tax system has become an obstacle to economic growth. It is too complex. The tax burden is very unjustly distributed among taxpayers. To improve the system is one of our priorities.

[English]

Much remains to be done to improve the tax system. The tax system has engaged the attention of most speakers today. I listened very carefully to the remarks of the Hon. Member for Laval-des-Rapides. His principles for tax reform are very general but, quite frankly, they are very similar to ours. However, we are being more specific. We are moving toward the harder decisions. We are consulting regularly and when we bring forward our proposals in a few months they will be much more carefully thought through than the level of generality which I heard from the Hon. Member opposite.

The Budget—Mr. Hockin

On July 18 the Government announced that it would be developing a proposal for comprehensive tax reform designed to achieve those goals. Consultations have already been conducted on this by the Minister of Finance and myself with various groups. The work on this proposal is continuing with the benefit of advice and information which we are getting from Canadians in every region and every sector of the economy. We intend to bring forward a tax reform proposal which ensures that our tax system plays a positive role in the renewal of Canada's economy. Unlike the tax changes introduced in the MacEachen Budget, our consultations are thorough and careful in order to ensure that there are no rude surprises.

One of the most important issues of tax reform will be to strengthen Canada's economy and create new jobs and economic growth. That is why we want tax reform. The central objective is to reduce tax rates in all three elements of the tax system. We want to reduce personal and corporate rates and we want to change the federal sales tax system in order that it, too, will be lower but more broadly based. There can be no better incentive than lower tax rates for growth, investment, savings and job creation.

To get tax rates down we must reduce or eliminate a wide range of exemptions, deductions and tax credits which are now part of the system, having been put in by 10 or 20 years of previous Governments. So many of those exemptions and preferences are not useful and are not working. They have outlived their usefulness and resulted in very high costs to the Government. As the Minister of Finance said yesterday, tax reform would mean that those Canadians now making extensive use of tax preferences would pay more tax and those who have been making little use of tax preferences would pay less tax. With that approach we will be able to put forward a fundamental tax reform which will engage the interest and support of all Canadians.

Most Canadians want a fair tax system in addition to lower taxes. They want it to be less complex and more understandable. We are committed to that as well. We can achieve these goals by dealing with all three elements of the tax system together as an integrated package. We want a tax reform proposal which builds on the progress we have already made in improving our tax system.

In conclusion, our economic renewal agenda is working. More to the point, 675,000 more Canadians are at work today than in 1984. Inflation has fallen. Interest rates are down. This Budget and the action program it represents deserve the support of every Member of the House.

Mr. Johnston: Mr. Speaker, I have one brief question of the Minister. Just after I came into the House he told, I suppose, an apocryphal story about a little girl who went to her father after she had spent her \$3 allowance and he told her to exercise fiscal responsibility. Had the Minister of Finance (Mr. Wilson) been in that situation, on the basis of what we saw in this so-called Budget, he would have asked his father to