

Government Orders

We must also recognize that these automatic stabilizers can be a mixed blessing. When the economy is weak, government automatically takes in less taxes. Revenue is down and this reduces the pressure on reduced incomes, but it also means an increase in the deficit. This is happening now. Unless we take action the deficit will continue to climb adding new pressure to interest rates.

The second thing government must do is respond to the underlying economic problems Canada is facing, particularly our poor national productivity record. Increased productivity is a key to improving Canada's competitiveness at home and I guess very important in our vital trade markets. Raising Canada's productivity growth requires that all stakeholders in the economy work together so that we can invest more in capital, technology, education and workers' skills.

The key role that governments can play in helping is to establish first a climate that supports and rewards productive investment. The opposition does not talk about that. The second is to help Canadian workers and businesses adjust to the economic restructuring that is now taking place. The opposition does not recognize that restructuring is going on. It says we are using it as an excuse. The third is to create the secure trading opportunities that allow Canada to increase its sales to world markets. What do opposition parties want to do? They want to tear up the trade agreement.

The federal government has been doing all these things to help our economy. We have improved the climate for investment by getting inflation and interest rates down and through tax reform. We have reoriented our labour market support toward provision of training and help in adjusting. We have pursued trade agreements that secure Canada's access to its export markets. We are committed to adding to those positive actions.

That is why last week's *Fiscal and Economic Statement* announced wide-ranging initiatives to bolster further public and private investment in economic growth while also reducing the cost of government. These actions are built on the policies which are already increasing Canada's productivity and competitiveness.

Let me remind hon. members once again of the highlights of this action plan for real, sustained growth and secure lasting job creation.

Over the last decade the small business sector has created 80 per cent of new full-time jobs. To help this vital sector the government is launching a small business employment and investment package. Under this package most small businesses will be able to add new workers without paying initial unemployment insurance premiums in 1993. This will reduce the cost of hiring additional workers by up to \$1,600 each.

Other actions include a 10 per cent small business investment tax credit for machinery and equipment purchases. Rules on investment in small businesses by RRSPs and other funds will be simplified and investment options expanded. Programs that provide financial assistance are being expanded or extended. This is for small business. These are the things small businesses said would help them during these economic times. The government has listened to them and they were announced by the Minister of Finance.

Research and development as we all know is a key to developing the new products and processes that deliver competitive successes and growth in the global marketplace. There are still areas where tax rules could be improved to help business adapt and grow in an area of knowledge based work and technical change. We set aside \$400 million over five years to remove tax base impediments to innovation and growth. In an increasing knowledge based economy Canada's economic prospects depend more and more on the skills of its people.

The government is helping to meet this challenge. Our support for worker training and adjustment, as my colleague from Winnipeg pointed out earlier, will be increased to \$3.8 billion next year. Part of this, funds for developmental training use under the UI program, will grow to \$2.2 billion. That is up from \$1.9 billion last year and just \$550 million in 1990. That is a big increase. That shows the priority the government is placing on training. The increase will be used to meet the special needs of long service workers who lose their jobs, the type of person that my hon. friend from Hamilton East was mentioning this morning.

The government will also help workers and employers make learning and skills upgrading a constant priority. The government will provide \$250 million over five years to help lever a national training effort driven by labour and business. It will develop tax incentives to help defray