

*Government Orders*

petitiveness and our productivity. That is why we have invested in human resources by redirecting unemployment insurance from passive income support to active skills acquisition. That is why spending on worker training and adjustment has increased from \$1.2 billion to \$3.5 billion in the past two years. That is also why the Minister of Finance announced more aid in his economic and fiscal statement.

We have also invested in economic growth by reforming Canada's tax system. In particular we eliminated the manufacturers' sales tax which cost Canadians jobs and replaced it with the goods and services tax. The GST makes an important contribution to our international competitiveness by reducing the tax included in Canadian exports. Since it came into effect Canadian exporters have saved over \$3.5 billion.

• (2100)

To achieve economic prosperity we must continue to invest in the small business sector which is the primary engine of employment growth in this country. Today, thanks to special tax provisions, small businesses enjoy assistance totalling \$3 billion annually.

The Minister of Finance has proposed a small business employment and investment package to help small businesses and create new jobs. The measures announced by the minister include capping the employer share of unemployment insurance premiums for one year, a one-year investment tax credit for small businesses and an extension of the Small Business Financing Program.

We must continue to invest actively in research and development. R and D is essential in developing new products and processes which are the key to success and growth in a global economy.

Since we came to power we have introduced the most generous tax incentives for R and D of any major industrialized country. For instance the February budget provided for additional assistance totalling \$230 million over five years to support Canadian companies undertaking research and development.

Furthermore, in his economic statement the Minister of Finance announced changes to allow the tax rules to better reflect how R and D is actually performed in the

business community. We must continue to invest in broadening trade opportunities. As the global economy becomes increasingly competitive, countries and companies that try to ignore this fact will see their share of world trade deteriorate and their economies decline.

That is why we are doing our best to bring about a positive conclusion to the Uruguay round, the series of multilateral trade talks held under the GATT. We are trying to improve our trade relations with east Asian countries, including Korea, Thailand and Singapore.

In 1988 we negotiated and successfully implemented the free trade agreement with the United States, our most important trading partner.

Madam Speaker, as you know the FTA has paid off. Since it came into effect our exports to the United States have increased by more than \$16 billion. This represents about 200,000 jobs. The FTA also gave us the power to review any measures taken by the United States including countervail and anti-dumping, while providing for an open process in which arbitrators fairly selected by both parties are able to quash decisions that are unfair.

The North American free trade agreement is a logical extension of the FTA. There is a very real potential for growth in sales of Canadian products and services to Mexico. It is also a fact that the United States plan to enter into some kind of free trade agreement with Mexico, with or without the participation of Canada.

If we had not been at the negotiating table any increase in trade with and international investment in Mexico would have gone to the United States.

In concluding, perhaps I may recapitulate. Further improving our standard of living will require strengthening the rate of productivity growth in this country. What the government can and must do is invest in macroeconomic stability and appropriate structural policies that expand the opportunities for people to work, invest and innovate.

That is what the government has done and will keep on doing.

[English]

**Mr. Fred J. Mifflin (Bonavista—Trinity—Conception):** Madam Speaker, I have sat in the House all day and listened to presentations from both sides of the House