

*The Budget—Hon. Michael Wilson*

Another major initiative on our economic agenda is tax reform. I cannot emphasize strongly enough the importance of developing a tax system that is more fair, less complex and that encourages productive economic activity. I will return to tax reform later in my remarks.

• (1640)

In this Budget I am presenting our economic prospects and fiscal plan for 1987-88. I will propose a number of management initiatives and revenue measures that will ensure further substantial reductions in the deficit and borrowing requirements. I remain committed to medium-term economic and fiscal planning. The fiscal plan for the coming year is an additional step in our commitment to ensure continuing deficit reductions in the years ahead. Our medium-term economic and fiscal prospects will be significantly affected by tax reform. When my proposal for tax reform is released, I will set out clearly Canada's medium-term economic and fiscal prospects.

This Budget consolidates and extends the fiscal progress we have made. In the Speech from the Throne, the Government established clearly the priorities it would pursue. These priorities have been chosen for action within the limits of our fiscal plan. We have demonstrated our ability to set priorities and to responsibly allocate resources to achieve our goals. The Government will, in due course, be announcing programs to give effect to the priorities and policies identified in the Speech from the Throne.

*[Translation]*

I want to emphasize that the actions we have taken and will continue to take to pursue our program for economic renewal are not unrelated. They are part of a co-ordinated, cohesive program to strengthen Canada's competitive position.

*[English]*

I am tabling with this Budget a report on the substantial progress that we have made in implementing many of the elements of our Agenda for Economic Renewal. I commend this report to the attention of Honourable Members and all Canadians. It sets out what we have achieved together and the principles that will guide us as we continue to implement that agenda.

## THE ECONOMIC RECORD

Our actions have contributed to strong economic performance over the last two and a half years. This performance is graphic proof that Canadians are responding positively to the

opportunities flowing from our progress in implementing our program of action. Since September 1984:

the real growth of Canada's economy has averaged about 3.5 per cent per year, second only to Japan and much stronger than the United States;

consumer confidence has risen to a very high level and spending by consumers has provided a major impetus to growth;

*[Translation]*

the improving Canadian economy has created 675,000 new jobs;

employment growth in Canada has been stronger than in any major industrial country;

the unemployment rate has dropped by two percentage points;

*[English]*

short-term interest rates are at their lowest levels in nearly a decade;

five-year mortgage rates have fallen by more than three percentage points equivalent to a reduction in interest costs of \$1,360 a year on a \$50,000 mortgage amortized over 25 years; and that, Mr. Speaker, is more than \$113 a month;

with home ownership now more accessible to Canadians, housing starts are at an eight-year high and without the artificial boost of government subsidies.

For 1986 I estimate that our economy grew by 3.3 per cent, a growth rate which outpaced all other major industrial countries. This performance was achieved despite the severe domestic impacts of lower world grain and oil prices.

*[Translation]*

If I had to choose just one message for Canadians today, it would be this: Our economic renewal program is working. It is delivering more growth, more jobs and more opportunities now. It is building new confidence at home. By changing our image abroad, it is helping to attract the investment that Canada needs.

*[English]*

The benefits of our strong economic performance have not been evenly shared across the country. Some regions are hurting. We have helped provide support over the past year and we are working with provincial Governments and industry to find ways of developing a sound base for improved, sustained growth in all regions.

Better economic performance is the key to providing more help for disadvantaged Canadians wherever they live. As a result of this better performance, the Government has been able to direct more resources in a variety of ways to individuals most in need of assistance. We have improved social benefits. We will continue to work to increase assistance to those in need.

We intend to ensure that our program of economic renewal works for all Canadians. It is the key to future prosperity.