

The Budget—Mr. Hockin

years. That is remarkable and, let us not forget, unprecedented. When we talk about fiscal responsibility, that is what we are talking about; bringing the deficit down.

A number of Hon. Members opposite do not like to hear about fiscal responsibility. That reminds me of the comic strip from two Saturdays ago where a child received an allowance of \$3 a week. She went to see her father and said, "I do not have any money, I want another \$3 to get through the weekend". The father said, "We have given you a certain amount of money for the week, will you please show some fiscal responsibility and not ask for an extra \$3"? The ten-year old child left the room and thought to herself, "I don't know what fiscal responsibility is but I sure don't like the sound of it".

Hon. Members opposite do not like the sound of fiscal responsibility but it has been responsible for the huge production of jobs and lowering of interest rates in Canada. It gave a tremendous burst to housing construction and has really meant the renaissance of our economy. Compare this economy with that of Australia which did not come to terms with its spending. Interest rates went up to 15 per cent or 16 per cent or higher, I do not know. The economy ground to a halt and that was inevitable. This Government, through fiscal responsibility, drove interest rates and the deficit down.

Look at the economic resurgence that followed. The deficit has fallen almost 24 per cent, from \$38.3 billion in 1984-85, to a projected \$29.3 billion in 1987-88. All of that was achieved primarily by controlling government spending. In real terms, program expenditures have fallen by an average of 1.1 per cent a year over the three-year period.

[Translation]

We have also taken measures to promote growth and job creation.

[English]

To foster entrepreneurship, risk-taking, promote innovation and a positive climate for new enterprise, the Government dedicated a number of programs to bring about all these changes in a fair and open way, and consistent with the sense of compassion characteristic of Canadian society. There has been substantial progress towards a new role for Government; not the same old role but a new role. The Government has brought forward a remarkable number and range of fundamentally important framework initiatives as part of its economic renewal agenda.

Public policy in any country is really two things. It is output, such as expenditures, or frameworks which set the context in which things are done. The framework side was often forgotten by previous Governments with their constant reliance on spend, spend, spend. We have moved towards a framework approach. Let me give you some examples.

Destructive program frameworks such as the National Energy Program have been abolished and replaced by market-oriented incentives. The regulatory framework has been revised in transportation and financial institution sectors. It

takes just a second or two to name each of the major initiatives which are leading to a new framework for business activity, but Members of this House know just how much is involved in each of these areas. For example, it would take me the better part of my time just to outline the main features in the goal of financial institution reform. This policy has been very well-received. The Hon. Member for Laval-des-Rapides (Mr. Garneau) complained it might lead to foreign takeovers in the financial sector. I commend the paper to him. He should read it again. It is silent on foreign participation except in the securities industry, and the whole program is designed to give our financial institutions, which are great job creators, world-class status, indeed a jump on our foreign competitors.

Privatization of Crown corporations is proceeding and the size of the Public Service has been reduced. What a contrast with what went on before. We have moved forward to remove obstacles to the growth of business and encourage investment. One of our first acts was to abolish the Foreign Investment Review Agency and replace it with Investment Canada. Instead of discouraging investment we began to encourage it. I am reminded that the Hon. Member for Laval-des-Rapides called for more consultation as we go into freer trade with the U.S. and in the GATT negotiations. In fact the NEP and FIRA were brought in with virtually no consultation with anyone. We are consulting. There is an elaborate network to help us in our bilateral negotiations with the U.S. and our multilateral negotiations through GATT. The consultation process is deep, profound and goes on daily. That is in marked contrast to the way the previous Government approached matters of this sort.

A new competition policy has been implemented. We are actively encouraging research and development, and tax measures such as the lifetime capital gains exemption are already working to create jobs in the small business sector, the engine of growth in our economy. The Hon. Member for Ottawa Centre spoke disparagingly of the lifetime capital gains exemption but it is very important for farmers and small business. The Investment Dealers' Association of Canada traces billions of dollars in new, permanent, job-creating equity investment directly to that particular provision. At the same time we have substantially strengthened our social safety net. The refundable sales tax credit in effect for 1986 will help those on whom the burden of consumption taxes fall most heavily. We have enriched the child tax credit and put in place a new delivery system so those who need help the most will receive a prepayment in November of each year. I was very proud to introduce that Bill and it has been enormously well-received. All of us heard about it when we returned home at the Christmas break.

Comprehensive reform of pension arrangements will encourage savings for retirement while improving pensions for all Canadians. Part-time workers and women will benefit particularly from the change in pension standards. Previous Governments never did anything of any importance regarding pensions, but we have acted. Since December, 1984 our