

The Budget

with the \$10 billion in cuts to departments will result in a fundamental reshaping of government”.

The Windsor *Star* also reported that Windsor's business community was encouraged, shocked even, by the wide swing of the minister's budget axe.

The Windsor Chamber of Commerce chair, Othmar Stein, was quoted in the *Star* as saying of the finance minister: “He's got the message. A lot of this was overdue. A lot of the subsidies are gone, even for business”.

Mr. Stein, a vice-president of Chrysler, concluded: “Overall I'd say it's a very realistic budget, quite positive. It's one of the first budgets in a number of years that has not been smoke and mirrors.”

Aron Gampel of the Bank of Nova Scotia says it is a strong fiscal statement that meets all the tests.

The *Wall Street Journal* reversed its editorial stance regarding Canada, summed up in its headline several weeks before the budget as “Bankrupt Canada”. After the budget it proclaimed Canada made a right turn.

The editorial commends the finance minister for showing the determination needed for Canada to claw its way out of the debt hole which decades of spendthrift policies landed it in.

The budget charts a new course for agriculture. In agriculture the government has set a target to achieve by the turn of the century, annual food exports valued at over \$20 billion. This is an increase of at least one-third over our record setting performance in 1994.

To do this the government will be introducing a new export credits guarantee program to support grain and other agri-food export sales up to a value of \$1 billion.

Consistent with the red book, the government will implement a Canadian agri-food marketing council and Canadian agri-food marketing service to ensure enhanced market development and effective use of the global information highway.

Our first fiscal year was not all doom and gloom. The Canadian economy is stronger than it has been in years. Real economic output grew at about 4.5 per cent in 1994, the fastest of the G-7. Over 433,000 jobs were created in the past year, almost all of them full time.

The unemployment rate has fallen by 1.7 percentage points nationally. Manufacturing output is up over 9 percent in the past year. Improved cost performance has led to record breaking exports, a growing trade surplus and a dramatic improvement in the current account.

I assure my constituents the budget belongs to a Liberal government. A Liberal government brought in new and innovative programs in the sixties and seventies to meet the challenges and needs of those decades. The government is adapting all

programs to meet the needs and challenges of the nineties and the 21st century.

We understand change. We have always been at the forefront of change. The budget is change. The Liberal Party has been traditionally a pace setter. I know the budget sets the pace for the 21st century.

I will end with a comment one of my constituents sent me during the prebudget process. With reference to the difficult choices facing the Minister of Finance, he wished him resolve: “My two young children will thank you, as you will be remembered as the finance minister who saved Canada from bankruptcy”.

• (1705)

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, I am pleased to have the opportunity to participate in this debate. Canadians know very well that we have inherited an economic mess from the Conservatives and that steps must be taken to reduce the deficit and the debt. On that we all agree.

The major preoccupation of this budget is to appease the marketplace, in particular rating agencies. Having done so this year one may expect Wall Street to demand more measures of the same kind in future budgets.

To deal with this the Prime Minister is taking the issue of currency speculators and their impact on national economies to the next meeting in June of the G-7 nations, a very timely initiative for which he is to be congratulated.

There are a few positive measures in the budget for which the Minister of Finance is to be congratulated. For instance, from the perspective of sustainable development one could highlight his decision to remove the 20 per cent limit of a donor's income when donations qualify as ecologically sensitive land. There is a commitment in the budget to study barriers or disincentives in the use of recycled materials over virgin materials.

There is a promise to examine the tax system in search of disincentives to energy efficiency and renewable forms of energy. Subsidies were cut in the energy sector that encouraged uneconomic and unsustainable supply development. Much more needs to be done if we are serious about reducing greenhouse gas emissions.

This brings me to the end of the list of good news and back to the question of how to reduce the national debt and the deficit. It is a necessity on which we all agree.

In the weeks and months preceding the budget several presentations were made repeatedly that social spending is not the cause of our economic ills and that our deficit problem, rather than through cuts in expenditures, ought to be resolved through increases in revenue by way of closing tax loopholes. Billions of dollars a year are forgone in revenue because of existing tax loopholes, including items such as lottery winnings, business meals and entertainment expenses and other existing items well