

*Government Orders*

Canada cannot afford yet another dose of Liberal steroids and snake oil. Instead, to create jobs and boost our standard of living, we must make sure the actions we take today do not leave us weaker tomorrow. That is one of the guiding principles behind our policies and actions.

Let me again remind the opposition why the Canadian economy is not as strong as all of us would like. It reflects many factors. Some of them are beyond our control such as the ongoing weakness of our trading partners. Canada is one of the most trade dependent nations in the world. When other major economies slow down sharply our economy suffers. Other factors beyond our control include the negative effects of foreign subsidies on grain prices which has hurt our agricultural sector. As well, weak world commodity prices have had a harsh impact on companies and workers in sectors like mining and in forestry. We also face problems like the disappearance of east coast fish stocks.

Canadians are also being affected by the difficult process of industrial restructuring that companies must apply if they want to survive, succeed and provide jobs in this fast changing global market. That is never mentioned by the opposition. Many of Canada's current economic problems are the inevitable consequence of the excesses of the 1980s, the reduction in our ability to compete caused by poor productivity and business cost performance, high levels of corporate and personal indebtedness and the poor state of government finances that was inherited in 1984.

These are problems that took years to build up and take time to be corrected. It is also a fact that our government has made real progress in reversing these trends, progress we must maintain for Canada's economic future. The questions we have to ask concern what is being done now. Unfortunately the opposition is much better at bugling complaints about what we are doing than offering reasonable alternatives.

The first thing to do is to recognize that there are limits to what governments can do to get the economy going again in the short term. I understand the opposition's position: oppose, oppose, oppose. That is why it is called the opposition. We must recognize there are limits to what we can do.

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We as governments do not have resources of our own that we can simply go out and spend and create jobs and incomes. The resources of Canada's governments come from one place only, and that is Canadian citizens. Government spending is paid either by the citizens of today or by the citizens of tomorrow because government borrowing now leads to heavy taxes and reduced services in the future.

We also have to realize that taking more money from some citizens to give to others will not do much to stimulate the economy and restore confidence. Most Canadians feel our national tax burden is already too high. Taking more money from the citizens of tomorrow through increased borrowing is just a bad solution.

Canadian governments are so indebted now that increased borrowing may just cause Canadians to expect higher taxes in the future, leading consumers to hold back on spending even more. At the same time increased borrowing could cause lenders, especially those in other countries, to worry about the government's financial ability to repay its borrowing. It is a vicious circle. This could result in higher interest rates for all Canadians, creating further economic problems.

Despite the limits on government resources there are two important areas where governments can and I believe must act. The first is action directly to help Canadians deal with lost jobs and falling incomes. We are doing this.

People often take for granted the resources that the federal government provides to help cushion economic weakness. For example, more than one-third of all federal government spending goes to provide direct income support to people. This includes unemployment insurance, old age security and assistance to children. As well the federal government makes substantial payments to provinces to help fund other social assistance and medicare. There is also spending on regional development.

Most important, this spending continues even when a recession cuts government revenues. In other words, when the economy is weak governments actually increase the share of their revenues that go to assist Canadians, especially those most vulnerable to hard times. This contributes to restoring economic growth.