

the United States, the fiscal situation has deteriorated enormously since the beginning of the eighties and continues to be a serious threat to sustained economic growth in both countries.

Because of an increasing perception of the harmful economic impact of uncontrolled budgetary deficits, the U.S. Congress recently passed legislation known as the Gramm-Rudman Bill that will reduce a deficit of more than \$200 billion in several stages, in order to obtain a balanced budget by 1991. Starting in 1986, the Bill sets certain ceilings for the budget deficit for each financial year. These levels may not be exceeded, and the main provision of this Bill authorizes the President of the United States to automatically impose spending cuts sufficient to achieve these objectives if the forecasts of the U.S. Congressional Budget Office (CBO) or the Administration for the budget deficit are higher than the ceilings set for each financial year.

Mr. Speaker, in the United States the proposed budgetary measures remain the responsibility of the Members of the Executive. However, the final version of the Budget is determined by Congress.

In recent years, this division of budgetary responsibilities has made it difficult to introduce measures to systematically reduce the deficit. The constraints provided under the Gramm-Rudman Bill are a response to this policy co-ordination problem.

In Canada, Mr. Speaker, the federal Government is in a better position to legislate its fiscal policies. As a result, similar legislation would not necessarily be useful.

Adjournment Debate

Since our Government was elected, our strategy has been to co-ordinate fiscal policy and structural economic policies to create healthy economic growth. The Economic Renewal Program announced in November 1984 clearly established a set of policies aimed at increasing Canada's productivity and bringing about a general improvement in Canada's economic performance.

Mr. Speaker, the May Budget introduced the measures proposed in November 1984, plus a significant number of measures to reduce the constraints created by a rising federal deficit during 1980-84 in this country.

The Budget also established a medium-term strategy for reducing the federal deficit in order to create the requisite conditions for sustained and non-inflationary growth in Canada. Mr. Speaker, once implemented, these measures, will make it possible to reduce our deficit very substantially.

I predict that the next Budget will be another major step towards realizing this objective. Restoring our fiscal balance while maintaining the Government's flexibility to deal with contingencies remains an integral part of the Government's fiscal policy. The means used to achieve these objectives, however, must take into account the Canadian situation and remain acceptable to all Canadians.

The Acting Speaker (Mr. Charest): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.30 p.m.
