

Government Orders

cannot continue to do it on borrowed money. We have to pay our way.

It is interesting to note that the economic plan Mr. Clinton announced last night is very similar to the plan we have been pursuing as a government since we came to office. He has emphasized investments in public infrastructure and training and the important role that small business can play in stimulating investment in jobs. These precisely echo the themes of our February 1992 budget and the December 2 economic statement.

In December of last year I laid out a plan for bolstering infrastructure by \$2 billion over the next five years. That is about \$20 billion in American terms. Our plan emphasized roads, bridges, railroads and high technology communications just as the president referred to last night.

In Canada we too have emphasized skills training and education. We have doubled the funding for federal supported labour force training in the past several years. Tax assistance will be provided for sector training councils in the private sector.

In Canada we have stressed the importance of small business. In December I introduced a program for an investment tax credit so that small businesses could improve their technological capability, their productivity and their competitiveness through the purchase of new machinery and commitment.

Programs have been introduced for encouraging job creation by cutting the cost of hiring such as the unemployment insurance freeze for small business.

When we look at some of the more specific proposals in the president's economic plan we see obvious parallels to Canada's economic plan. For example, in the February 1992 budget we introduced an earned income supplement that will provide additional benefits to low and middle income working families with children. President Clinton has emphasized such a program for removing a major impediment to many families fully participating in the work force. The child benefit package we brought forward is a benefit package to help the working poor maintain their activity in the work force.

To reduce the deficit President Clinton has proposed deep cuts in program spending particularly in defence

and in the operating costs of government. In Canada we have consistently followed a policy of spending restraint during our term in office. For example, the president proposed a one-year freeze on U.S. civil servants' wages. In Canada federal public sector wages will be frozen for three of four years from 1991 to 1994. In many respects we are being harsher in showing federal government leadership in a more aggressive way than what the president proposed last night.

With his fiscal proposals he hopes to bring the U.S. federal deficit as a share of GDP down to 2.7 per cent by 1997, from about 5.2 per cent or 5.3 per cent, which will be about half what it is now. With the fiscal structure already in place in Canada our deficit by 1997 will be considerably lower as a proportion of GDP than the American deficit.

It is important to note that the improvement to the Canadian deficit will come through a focus on spending restraint. In fact in both the February 1992 budget and the December statement we were able to introduce tax cuts for Canadians, not tax increases.

The president has proposed higher taxes for wealthier citizens. The Canadian income tax system is already considerably more progressive than the American system and in a real sense the U.S. proposals bring it more into line with ours.

In the U.S., as we all know, there is considerable focus on health care reform. We in Canada recognize that we too must control the costs of the health care system while we maintain the standard of excellence in providing health care. However we do not face the same degree of difficulty as the United States does.

When I met Secretary of the Treasury Bentsen he indicated to me that health costs were extracting about 13 per cent to 14 per cent of GDP at the present time. In Canada our health costs extract something around 9 per cent or less. He indicated to me that if nothing was done by the end of the century health care costs would be extracting close to 20 per cent of the American GDP. They clearly have to do something to bring about cost containment.