

The Budget

• (1210)

The most important point of all, in 1996-97 the debt will no longer be growing faster than the economy. When the Minister of Finance says on public occasions that we are going to break the back of this, we are going to get off this treadmill, this is the key point. The debt to GDP ratio will begin to decline. That is the key for the fiscal sustainability and that will put us on a permanent downward track.

There are going to be payoffs. We want Canadians to appreciate this. This is the first step. Budgets are not made or broken on one night's announcement, they are made by Canadians adjusting themselves and departments adjusting themselves. There will be a payoff. The payoff is that we will make sure we reach our targets.

We set up substantial contingency funds: \$2.5 billion this year, \$3 billion the year after. Even if interest rates go another full percentage point higher we will still be able to reach our targets.

It is this type of caution in the pasture which has caused us to reach our target, to do better than we told Canadians we were doing, and that is what is contributing to the confidence of Canadians in their national government. We are saying things that we can do. We are not setting targets five years down the line or ten years down the line so that when a crisis occurs like Mexico everybody says do not worry about this particular short term problem, we can put it off and look after it in the future.

What we are saying in this House is that as a crisis occurs we adjust, we reduce our spending, we reach our target year after year. That is the confidence builder, not having some vague target in the future which says we can reduce the deficit to zero in three or four years. That does not help anybody. That just frustrates people. That leaves a bad taste in the mouths of the politicians who are over promising.

It is very important that every member in this House understand the responsibility that we have in the debate, that Canadians understand that we are going to reach targets and that those targets will be reached in such a way that it is done fairly and consistently. When people look back at the period of the mid-nineties it will not be like it was in the mid-eighties, there will be real accomplishment by their national government.

[Translation]

Our contingency reserves could play a dual role in the future. Not only will they ensure that we will meet our objectives, but, if they are not needed they will not be spent and will allow us to further reduce the deficit.

This is yet another dividend to be reaped through prudent economic forecasting.

[English]

If interest rates and growth do better than our forecast and conform to the private sector average the 1996-97 deficit could drop dramatically. It could be much less than projected in the budget. We could have a deficit under 2.5 per cent instead of 3 per cent of GDP.

The government is being very careful on this point. We want people to understand that our targets are realistic and if we do better it is through good luck. We are being prudent in each of our particular projections because we do not want to fall short. We think that the credibility, not of this government but of the nation, is based on targets reached year after year.

The heart of the process to achieve these goals was not done in the hurried up fashion of a Minister of Finance sitting around a table with a few officials. In my first year the minister would call me in from time to time and we were trying to figure out what could be done. We had only been in office for a few months and it was very much a learning process.

What the minister decided quite appropriately, which was supported by his cabinet colleagues, was to have a program review which in some respects sounds esoteric. A program review gave a group of ministers an opportunity to talk with each other about what they wanted to see reshaped in government, a new strategy within government. It was not to throw around programs and say, cut here and cut there. It was to say department by department, what is it that we have to get out of and what is it that we have to emphasize? How do we redevelop an industrial strategy? My colleague from Don Mills is involved with that. How do we develop a strategy on science? How do we reduce subsidies in the agricultural field? How do we make the transportation system more effective? These are not catch as catch can questions, these are hard to answer; nor are our answers this year the final answers.

• (1215)

We will find this will be a progression of innovation. We will be back again and again suggesting new ways to do things. This budget is going to energize our colleagues on this side to do the right thing and to find new ways for the government to operate. I hope the opposition parties will make suggestions that we can incorporate so that we can develop a stronger and stronger national government.

[Translation]

Of course, we did not wait for the budget to take concrete action. Our review of agencies, offices, councils, boards and commissions—which ended in early February—will lead to the abolition of 73 of these 120 organizations. The 47 remaining entities will be restructured and rationalized. This will allow us to eliminate 665 positions held by governor-in-council appointees and save \$10 million a year.