

*The Budget*

We have always said that our 3 per cent interim target was a station on the way, not our ultimate destination. Interim means interim. Canadians want more than temporary fiscal remission. They want full fiscal health. It is absolutely essential that once we meet our interim target we do not stall. We will continue to set firm, short term deficit goals, rolling two-year targets until the deficit is erased.

The Prime Minister said two days ago that balancing the books is our goal. In government short term targets are the surest way to zero. They are the most effective spending control anyone could impose on a government. They keep our feet to the fire. They make it impossible to postpone needed action and they prevent fanciful, foolish forecasts.

The government wants Canadians to be able to judge it not on its rhetoric but on its results.

[Translation]

The targets we set are crucial. But how we get to our targets is every bit as important. Because the fact is that if we are to ensure durable fiscal progress, building towards budget balance—that can only happen if we redesign the very role and structure of government itself.

If we secure that reform, it will continue to pay off in 1997–98 and every year thereafter. Indeed, as far as we are concerned, it is this reform in the structure of government spending—in the very redefinition of government itself—that is the main achievement of this budget.

• (1650)

[English]

After extensive review this budget overhauls not only how government works but what government does. We are acting on a new vision of the role of government in the economy. In many cases this means smaller government; in all cases it means smarter government.

We are dramatically reducing subsidies to business. We are changing our support systems for agriculture. We will be putting government activities on a commercial basis wherever that is practical and productive.

[Translation]

We will be overhauling the unemployment insurance system as part of our social security reform, and reforming the system of transfers to the provinces—putting it on a basis that is more in line with the actual responsibilities of the two levels of government.

[English]

It is essential that our effort be guided by clear principles and values. First, we believe it is crucial that the government get its

own house in order. Our budget must focus on cutting spending, not raising taxes.

Second, government must define its role in a way that mirrors our priorities as a people. Blind cuts are bad cuts. Canadians need a budget designed to promote growth and jobs.

The third principle is frugality. Governments do not have money. They are given money, money from the pockets of Canadians from coast to coast, and so government must behave as if every dollar counts because every dollar does.

Finally, we must never, ever lose sight of the need to be fair, fair among our regions and fair among individual Canadians.

[Translation]

If our purpose is to get the economy right, we need to redesign the role of the government in the economy to fit the size of our pocketbook and the priorities of our people. What is that role? It is to provide a framework for the private sector to create jobs, to see an aggressive trade strategy as central to Canada's industrial strategy. And it is initiatives such as the Prime Minister's, in Asia and Latin America, that will create opportunity for thousands of Canadians here at home.

[English]

What is the role of government in the economy? It is to ensure that the nation's finances are healthy. It is to do what only government can do best and leave the rest for those who can do better, whether they are in business, labour or in the voluntary sector.

This budget puts our priorities into action. It does so after a top to bottom review of all departments of government led by the Minister responsible for Public Service Renewal. As a result we will be able to reduce departmental spending dramatically over the next three years while maintaining the services that are truly needed by Canadians.

[Translation]

For example, between this fiscal year and 1997–98, annual spending will go down by \$1.6 billion at Defence, \$550 million for international assistance, \$1.4 billion at Transport.

[English]

Over the next three years spending will be cut by more than \$600 million at natural resources, almost \$900 million at HRD, over \$200 million at fisheries, almost \$900 million in the industry portfolio, more than \$550 million in the regional agencies, nearly \$450 million at agriculture. In short, overall departmental spending will be cut by almost 19 per cent in just three years.

Let me emphasize, this is not a slowdown in the increase of spending max as cuts. These are not the cuts of yesteryear. These are real cuts in real dollars.