

The Budget—Hon. Michael Wilson

Memotec shares in the days preceding the Government's announcement.

Mr. Hatter goes on to say:

Sources in Ottawa indicate high-level meetings discussing the Teleglobe sale were held on both Feb. 5 (involving senior officials from departments involved) and on Feb. 6. (with chiefs of staff of the departments).

Memotec is said to have been clearly indicated by participants in the meetings as the leading contender. This information is known to have been leaked into the private sector on Feb. 6, although many greeted it with incredulity—

An Hon. Member: Incredulity.

Mr. Waddell: Incredulity. I appreciate the help of the Hon. Member. I should be able to say the word because when one finds one has just lost one's seat, it does incredible things to concentrate the mind. It is like when one is going to be hanged in a few days.

Ms. Jewett: As Dr. Johnson said.

Mr. Waddell: The Hon. Member is right, as Dr. Johnson said.

This is not a ridiculous motion or a delaying motion, it is simply a motion so that we can have the report of the Toronto Stock Exchange in hand before we pass this Bill in principle. That seems to me to be reasonable. I am sure Hon. Members opposite would agree with me that it is a reasonable proposition and that is why I think they would agree and vote with the New Democratic Party, and the other opposition Party, I hope, on our motion. We would like to have the report. We are not alleging any hanky-panky but would just like to see why the stock acted in such an unusual way.

This is not NDP ideology or rhetoric. There is an investigation going on by the Toronto Stock Exchange and Mr. Hatter points out, and I think this is the other thing we would like to get cleared up, that there is some discrepancy in the price paid for this corporation. The Government tells us it is receiving \$600 million, when the actual price is \$328 million. So there is a great discrepancy. For those two reasons, the discrepancy in price, about which we would like information, and the matter of the insider trading, we proposed this motion.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of Ms. McDonald. Ms. McDonald moved:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-38, An Act respecting the reorganization and divestiture of Teleglobe Canada, be not now read a second time but that it be read a second time this day three months hence".

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

• (1620)

And the division bells having rung:

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 13(4)(a), I have been requested by the Chief Government Whip to defer the division to a later time.

Accordingly, the division on the question now before the House stands deferred until tomorrow at 6 p.m., at which time the bells to call in the members will be sounded for 15 minutes.

* * *

• (1630)

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Michael Wilson (Minister of Finance) moved:

That this House approves in general the budgetary policy of the Government.

He said:

Canadians have good reason to be encouraged by the nation's economic progress during the past year. Despite some difficult problems, our economy performed well in a challenging world environment.

Today I want to review with this House and with Canadians the substantial progress we have been making on our program of action to renew Canada's economy.

Last year, our rates of economic growth and job creation exceeded those of all the major industrial countries.

We achieved these results in a world economy that has become not only more competitive, but also more uncertain and volatile. The world economy will continue to be challenged:

by serious imbalances in trade positions among industrial countries;

by the persistent, large U.S. budget deficit;

[*Translation*]

by the external debt problems of developing countries; and

by the rising tide of global protectionism.

These challenges underline the need for the Government to work more closely than ever with our trading partners to promote balanced and healthy world growth.

[English]

Events outside Canada have affected the nation's economic performance in 1986. Low world grain and oil prices have had a serious impact, particularly in Western Canada. The benefits of steady growth and job creation have been substantial, but they have not been fully shared in all regions.

The Government has responded to regional needs through a number of measures that have cushioned the impact of international events. We have been able to respond because of the progress that the national economy has been making.

Without our success in achieving lower interest rates and lower inflation, the regional problems facing us would have been even more serious.

[Translation]

Let there be no doubt that our future ability to contribute to the economic development of all the regions of this country will continue to depend on our ability as a nation to compete against the best from around the world.

[English]

PROGRESS ON OUR AGENDA

Before this Government came to office, the confidence of Canadians had been badly eroded by a severe recession. The severity of the recession and the decline in confidence were symptoms of disturbing trends that posed a threat to our goals of sustained growth, permanent jobs and greater opportunities for Canadians.

The deficit was more than \$38 billion and rising.

The national debt had doubled in only three years.

The Government was consuming more and more of the country's resources.

[Translation]

Private initiative was increasingly stifled by excessive regulation.

Growing industrial subsidies were inhibiting change.

Undisciplined spending was leading to waste, excessive bureaucracy and unproductive activity.

[English]

Government was very much part of the problem.

A nation overburdened by deficits and debt is a nation made more vulnerable to economic shocks. But what government does, and how it does it, are as important as how much of the nation's resources it borrows.

That is why, in November 1984, we placed before Canadians a comprehensive economic renewal agenda.

[Translation]

That is why, steadily and consistently, we have acted to make government more efficient; to restore prudent financial

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management; and to provide an economic environment that encourages private initiative and risk-taking and that rewards success.

[English]

Without decisive action to restore the health of the nation's finances, the spiral of deficits and debt would have quickened; confidence would have sagged even further. We had to act. And we did.

We reduced the deficit to \$34.4 billion in our first full year in office.

This year we will further reduce the deficit to \$32 billion. And we will hold our program spending to \$89.4 billion, the target I set out in my Budget one year ago.

I am also announcing today that, in our third year, we will get the deficit down to \$29.3 billion.

Let me emphasize the full measure of our efforts. When we came to office, the federal deficit relative to the size of the economy was more than one and a half times the size of the United States deficit, using equivalent measures of comparison. As a share of the economy, our deficit has been brought down to the point where it is now identical to the deficit of the United States.

This progress has not come easily. It has required tough decisions and it has required firm, disciplined management. These actions have been taken as part of our comprehensive program to achieve our central objective of improving Canada's international competitiveness. For it is improved competitiveness that will create sustained growth and permanent jobs.

Our program also includes action:

to deregulate key sectors of the economy;

to support science and technology;

to assist small business;

to privatize Crown corporations that can perform better in the private sector;

to modernize financial services regulation;

to pursue trade policy initiatives to secure markets for Canada into the next century.

Our trade initiatives are of central importance. They will ensure that our improved competitiveness is translated into more jobs. We remain committed to seeking an agreement with our largest trading partner, the United States an agreement that must clearly benefit Canada. We are also playing a leading role in the new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade. These negotiations will deal with a number of issues of vital importance to Canada, including agricultural trade. As the Prime Minister (Mr. Mulroney) has made clear, the Government will spare no effort in seeking an international resolution to agricultural trade conflicts and an end to the damage they cause in Canada and around the world.

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Another major initiative on our economic agenda is tax reform. I cannot emphasize strongly enough the importance of developing a tax system that is more fair, less complex and that encourages productive economic activity. I will return to tax reform later in my remarks.

● (1640)

In this Budget I am presenting our economic prospects and fiscal plan for 1987-88. I will propose a number of management initiatives and revenue measures that will ensure further substantial reductions in the deficit and borrowing requirements. I remain committed to medium-term economic and fiscal planning. The fiscal plan for the coming year is an additional step in our commitment to ensure continuing deficit reductions in the years ahead. Our medium-term economic and fiscal prospects will be significantly affected by tax reform. When my proposal for tax reform is released, I will set out clearly Canada's medium-term economic and fiscal prospects.

This Budget consolidates and extends the fiscal progress we have made. In the Speech from the Throne, the Government established clearly the priorities it would pursue. These priorities have been chosen for action within the limits of our fiscal plan. We have demonstrated our ability to set priorities and to responsibly allocate resources to achieve our goals. The Government will, in due course, be announcing programs to give effect to the priorities and policies identified in the Speech from the Throne.

[Translation]

I want to emphasize that the actions we have taken and will continue to take to pursue our program for economic renewal are not unrelated. They are part of a co-ordinated, cohesive program to strengthen Canada's competitive position.

[English]

I am tabling with this Budget a report on the substantial progress that we have made in implementing many of the elements of our Agenda for Economic Renewal. I commend this report to the attention of Honourable Members and all Canadians. It sets out what we have achieved together and the principles that will guide us as we continue to implement that agenda.

THE ECONOMIC RECORD

Our actions have contributed to strong economic performance over the last two and a half years. This performance is graphic proof that Canadians are responding positively to the

opportunities flowing from our progress in implementing our program of action. Since September 1984:

the real growth of Canada's economy has averaged about 3.5 per cent per year, second only to Japan and much stronger than the United States;

consumer confidence has risen to a very high level and spending by consumers has provided a major impetus to growth;

[Translation]

the improving Canadian economy has created 675,000 new jobs;

employment growth in Canada has been stronger than in any major industrial country;

the unemployment rate has dropped by two percentage points;

[English]

short-term interest rates are at their lowest levels in nearly a decade;

five-year mortgage rates have fallen by more than three percentage points equivalent to a reduction in interest costs of \$1,360 a year on a \$50,000 mortgage amortized over 25 years; and that, Mr. Speaker, is more than \$113 a month;

with home ownership now more accessible to Canadians, housing starts are at an eight-year high and without the artificial boost of government subsidies.

For 1986 I estimate that our economy grew by 3.3 per cent, a growth rate which outpaced all other major industrial countries. This performance was achieved despite the severe domestic impacts of lower world grain and oil prices.

[Translation]

If I had to choose just one message for Canadians today, it would be this: Our economic renewal program is working. It is delivering more growth, more jobs and more opportunities now. It is building new confidence at home. By changing our image abroad, it is helping to attract the investment that Canada needs.

[English]

The benefits of our strong economic performance have not been evenly shared across the country. Some regions are hurting. We have helped provide support over the past year and we are working with provincial Governments and industry to find ways of developing a sound base for improved, sustained growth in all regions.

Better economic performance is the key to providing more help for disadvantaged Canadians wherever they live. As a result of this better performance, the Government has been able to direct more resources in a variety of ways to individuals most in need of assistance. We have improved social benefits. We will continue to work to increase assistance to those in need.

We intend to ensure that our program of economic renewal works for all Canadians. It is the key to future prosperity.

