

*Borrowing Authority*

reasonable way with them. If there is obstruction there is usually a reason for it. There are many opportunities for difficulties to be talked out and resolved. Clearly, we are committed to the adversarial system and things get hot and heavy and difficult when there is ill will. Some of this could be prevented by better consultation. Opposition is not always opposed to the objectives of the Government; it is sometimes opposed to the means by which the Government is trying to achieve those objectives.

I think the Government would do well to assume a little bit more reason on the part of this side of the House, or at least this corner of this side of the House, than it often does.

**Mr. Cosgrove:** Mr. Speaker, I should also like to congratulate the Hon. Member for joining in this debate, unlike other Members of her caucus who are afraid to come to the House to debate, for example, the Crowsnest Pass legislation which would provide \$15 billion of investment money to create jobs.

I am interested in the last answer given by the Hon. Member wherein she stated that the Government is going to continue to borrow. I should like her opinion on the special recovery tax element of the budget which is designed to recoup the special recovery spending that will take place in the next two years. For example, does she share the opinion of the Conservative Party that we should not have introduced the tax to pay for that deficit next year? We have allowed a 12 to 15-month period in between. Does she feel we should have extended that or, as they did in Ontario, in addition to providing stimulation, should we have introduced taxes on a selective basis immediately to recoup those deficit funds?

**Ms. McDonald:** Mr. Speaker, it is difficult to deal with one item in isolation from the others. The objections of my Party, which I very fundamentally share, are that we have an extremely unfair tax system. I refer to the burden between individuals and corporations where individuals are paying more and more tax. It is now 80 per cent whereas in the fifties it was 50 per cent of income taxes. The shift occurred mainly under the Liberals but it started with a Conservative Government, so we cannot blame one Party alone. I think that is an extremely important point. Then, of course, there is the individual level.

Sales taxes are regressive taxes and very unfair taxes. The less sales tax possible, the better. Obviously there are differing circumstances. Where does the burden fall? We feel that there is a great deal of unfairness in the way the Government is having the tax burden shared at the moment.

**Mr. Cosgrove:** Mr. Speaker, I take it the Hon. Member is saying we should not have introduced the special recovery tax so as to reduce the deficit within a year and a half. If she says that, I must ask her how she can reconcile that statement with her earlier statement that she was opposed to the Government continuing the deficit.

**Ms. McDonald:** Mr. Speaker, there are other ways of raising taxes. My point was that taxes should be borne equitably by the Canadian population. The shift from corporations to individuals is extremely unfair. The lowering of taxes for

high-income people and the raising of taxes for low-income people is extremely unfair. Earlier, this Party proposed a surtax on high-income people because they can more easily bear the tax.

We have a reasoned proposal. We have not just said that money grows on trees. Clearly it has to be raised, but we want to see it raised fairly. That is not the case right now.

**Mr. Fisher:** Mr. Speaker, I should like to take issue with the last statement. I hope the Hon. Member accepts the fact that if we drain taxes away from corporations then at various times we are also draining away their ability to create jobs.

Prior to the budget we heard very clearly from people like the Canadian Manufacturers' Association and the Canadian Federation of Independent Business that indirect taxes like payroll taxes, which help low-income people through the payment of things like medicare fees and Unemployment Insurance, might be a good thing to use but that the timing was poor. They pointed out that additional loads imposed on corporations with these kinds of taxes would prevent corporations from undertaking job expansion activities. I think there is a balance on this and I am sure that we are reaching for it. At this point in time, however, corporations have told us very clearly that we must choose between taxes and jobs.

Given the performance of the economy, we surely must accept that kind of testimony from corporate leaders. It is not doing any worker any favour if we increase a company's obligations to pay his OHIP but at the same time take his job away.

**Ms. McDonald:** Mr. Speaker, corporations and organizations of corporations are always going to say that now is not the right time to raise taxes for corporations. They always say that. Let us look at the banking industry, for example. We see jobs being lost in banks, but not because of taxes; they are paying less and less taxes. They are being lost because of automation. I just do not think there is any clear relationship between taxes and the ability to provide jobs. The shift of taxes has been from corporations to individuals. If the Parliamentary Secretary's logic is correct, Mr. Speaker, we should have seen an increase in employment as taxes shifted from corporations to individuals.

• (1150)

**Mr. Cosgrove:** We have.

**Ms. McDonald:** We have the highest unemployment we have ever had.

**Mr. Arnold Malone (Crowfoot):** Mr. Speaker, I come from a farming and ranching constituency. Of those farmers and ranchers I doubt there would be 10 per cent who have never borrowed money in the past. Almost all farmers and ranchers borrow money. But for those farmers and ranchers who are in some economic difficulty, their neighbours still have respect for them when they know they borrowed money for the purchase of another tractor, the acquisition of land, or for