

*The Budget—Mr. Lewis*

suggestion is that this will provide increased certainty to firms so that they can benefit more effectively from tax losses that they sustain. That is ridiculous. What kind of economy operates on the hope of tax losses? What kind of businessman or woman is proud of tax losses and wants them so they can carry them forward? I suggest to the Liberal Party that if they tell that to any bank manager in any small branch, they will laugh. That is what the business community will do to the Liberal Party with that provision.

Let us now move on to homes. The Minister of Finance helped the well-to-do invest in the Registered Home Ownership Savings Plan. They are encouraged to release funds for the purchase of homes, furniture and appliances. What about the great bulk of Canadian home owners, the home owners who suffered through the Liberal high interest rate policy years? They are ignored. There is no provision in the budget to protect home owners against the ravages of high mortgage interest rates. Our policy, well stated and well enunciated, is that Canadians should be able to write off mortgage interest against other income. We would also consider mortgage interest rate insurance. However, the budget completely ignores Canadians who pay 20 per cent and 21 per cent on homes as a result of the high interest rate policy.

I suggest that Canadians who presently own homes will not forgive the inaction of the Liberal Party from 1980 to 1982. We cannot allow the wrath of power of sale and foreclosure proceedings to continue to visit Canadian home owners without mercy. It may be Liberal policy, but it certainly is not Conservative policy.

What about the farmers? After the Minister of Finance and the Minister of Employment and Immigration (Mr. Axworthy), the most embarrassed Minister of this Government on budget night had to be the Minister of Agriculture (Mr. Whelan). The budget is an insult to farmers. The only thing they are promised is the great boondoggle—being able to carry their losses back further and forward further. Isn't that an incentive? One can see the bureaucrats on Sparks Street coming up with that line. The budget proposed changes to enhance the ability of all farmers and fishermen to utilize losses in one year to reduce taxes in the other year. In other words, they intend to see that these people keep losing money which they can write off over a longer period of time. That is nonsense.

At the same time as the Minister of Finance is promoting farm losses to enhance farming as an occupation, he is ignoring a very real problem. I refer to Section 31 of the Income Tax Act which states that farmers who incur losses on their farming operations are denied the opportunity to apply that loss to reduce non-farm income in excess of \$5,000. In other words, the loss is levelled out to \$5,000, a 1960 figure. Many of my constituents in Simcoe North have two jobs. They work very hard at farming and of necessity work on a full or part-time basis at another job.

• (1125)

I suggest to you, Mr. Speaker, that farmers do not farm to lose money. Because of the Government's interest rate policy and lack of concern for the farming community, farmers are losing more than \$5,000 a year and yet are working off the farm as well. When will the Liberal Government wake up to the reality of the situation in this country? When will it understand what is going on out there? Mr. Speaker, we support the review of Section 31 of the Income Tax Act in order to bring it up to modern day standards.

What did the Minister of Finance do to the taxpayer on budget night? I am interested in what he did for the middle and lower income Canadians who foot the bill of the Government for Liberal wastefulness. He increased taxes. Federal sales tax will be increased by one percentage point October 1, 1984. Tax exemptions for children will no longer be indexed for inflation. The federal tax reduction will be reduced. The standard deduction of \$100 for charitable donations will be removed. The Canadian ownership special charge will be maintained, although we have no plans to buy anything. Telecommunications charges will be subject to a 6 per cent sales tax.

Only a Liberal Finance Minister could increase the taxes of lower and middle income Canadians and then claim that the economy will improve because lower and middle income Canadians will spend more money as consumers. It is twisted logic, but then again, the definition of Liberal logic is twisted logic.

What about the deficit? What is \$31.3 billion? That is the projected deficit. It is more than Ottawa spent in total in 1974-1975. A \$31.3 billion deficit is equal to \$3,120 per taxpayer, \$1,200 for every man, woman and child in Canada. One tax dollar in three goes to service the debt. Given that problem, what did the Minister do to address it in the budget? Nothing. There is no indication of restraint in the budget. There is no provision in the budget to cut spending, just a provision for future spending. The Government is gambling. It is gambling that revenues will increase rather than taking action to control and reduce spending.

Government spending was up 17.6 per cent in 1981-1982; 16.8 per cent in 1982-1983, the year of the six and five provision; and it will go to 12.7 per cent in 1983-1984. When will the Government balance its books? Similarly, the Government accepts the fact that over 12 per cent of Canadians will remain out of work. That is a national tragedy.

On budget night the budget looked reasonable to us but detailed examination of it has revealed the usual Liberal flim-flam. It contains no depth of stimulation, no depth of concern. Once again, the Liberals have failed to help the unemployed, small business people, farmers, the home owner and the lower and middle class.

**Mr. Deputy Speaker:** Are there any Hon. Members rising to ask questions of the Hon. Member who has just spoken? If not, the Chair recognizes the Minister of State for Small Businesses and Tourism (Mr. Rompkey).