

*Borrowing Authority Act*

The Government's discussion paper refers to delays on borrowing authority such as occurred in early 1985. No doubt, this means the reluctance of the Senate to approve the Bill without knowledge of the Government's plans for spending. I am pleased to see that the recommendations acknowledged the fact that the Government was the author of its own misfortune because there is a phrase on page 11 which reads, "The Government should not seek borrowing authority for a fiscal year without first providing Parliament with all the relevant details relating to the financial requirement". The Government has quite properly restricted itself to borrowing authority for the current fiscal year in the Bill before us today and the Bill follows a budget, as it should.

● (1250)

The financial requirements set out in this Budget do not inspire confidence. The Government now wants over \$18 billion to pay for a Budget that is making tough financial demands on those who are least able to bear them. Perhaps it is useful to review which areas will receive money and which will not; who will benefit and who will not.

The Budget is proposing an increase in sales tax and making sales tax payable on a host of every day items and necessities, including health care products, soaps, shampoo, pet food, candy and confectionery as well as insulation products and alternative energy devices. The increase in sales tax will bring the Government over \$350 million this year directly from the pockets of the taxpayers. This sales tax bears equally on those who can afford it and those who cannot.

The Budget also provides for an increase in the Government's levy on alcohol, a stiff increase in excise taxes on tobacco and a hefty gas tax increase, all of which will bring in \$630 million this year. We have barely scratched the surface of the Budget. Already we see that the Government is reaping nearly a billion dollars from a few tax proposals.

Let us not forget that sales and excise taxes have a dramatic multiplier effect. The Government will get more and more money from them every year. Next year, the gas tax will bring in over \$930 million. That is enough to cover what the Government will lose next year as a result of abolishing the Petroleum Gas Revenue Tax. Therefore, the multinational oil companies—and I say multinationals advisedly because they have the old oil and will benefit from the removal of the PGRT—have a gift of a large sum of money, but the Canadian consumer makes it up.

There are a number of inconsistencies in the Budget which make it difficult to assess the Government's intentions and, therefore, its borrowing needs. The Budget stresses deficit reduction, but the Budget's deficit reduction measures are back-end loaded with little real reductions in this fiscal year. Many measures are hidden to individuals, such as a de-indexation of income tax and certain benefits, as well as the sales and excise tax rate increases and the broadening of the tax base.

We are told that over 80 per cent of deficit reduction is to be through decreases in expenditure, but many of the stated decreases are "under review" and have yet to be specified. So

far, the Government's approach to deficit reduction appears to be primarily a tax grab from Canadian consumers, particularly at the low and middle income scales. Over 20 per cent of the total projected deficit reduction in 1990-91—some \$4.5 billion—is shown as savings due to lower debt service payments. However, lower debt service payments depend on many factors domestically and internationally which are difficult to foresee today. Therefore, there is an element of hope which may or may not prove to be well founded.

Although the Minister claims that \$4.4 billion is being trimmed from the deficit in 1985-86 and over \$8 billion in 1986-87, the actual cuts are far less. In fact, the deficit may be only \$2 billion lower than forecast this year and only \$1 billion next year. The deficit forecast figures seem to change often. There is a deficit forecast that is \$6 billion higher for 1984-85 and 1985-86 than that forecast by Marc Lalonde 18 months ago.

The constant shifting of figures makes it difficult to feel confidence in them. For instance, apparently personal income tax rebates have been accelerated. For 1984-85, this shows as exaggerating the size of the deficit. In turn, that allows for some deficit reduction in 1985-86, but surely this is not a substantive reduction. May I call it one o'clock, Mr. Speaker?

**The Acting Speaker (Mr. Paproski):** There is a disposition to call it one o'clock. I remind the Hon. Member that according to Standing Order 35(2), she still has 30 minutes remaining for her speech. The finance critic for the New Democratic Party will have 40 minutes when we resume debate this afternoon.

It being one o'clock, I do leave the chair until two o'clock this day.

At 12:58 the House took recess.

**AFTER RECESS**

The House resumed at 2 p.m.

**STATEMENTS PURSUANT TO S.O. 21**

[Translation]

**HOUSE OF COMMONS**

**ALLEGED VIOLENT REACTION OF MEMBER OF PARLIAMENT**

**Hon. Jean Lapierre (Shefford):** Last week, we heard that the Conservative caucus had received an instruction booklet on how to sell the Budget across the country. Whatever the Budget contained, this salesperson's vade mecum instructed them to defend every word the Minister of Finance (Mr. Wilson) would utter as if it were Gospel truth, and to do so with force and determination. They were to let nothing prevent