

*The Budget—Mr. Wilson*

low and middle-income people, the people who cannot afford to pay out of ready cash. They have to go to the bank and have forced savings plans. However, the interest paid will not be tax deductible.

There were seven elements of the November budget which I have identified by which individual Canadians over 65 years of age would be taxed additionally. I have not had an opportunity to check thoroughly on this, but I understand that of those seven elements, one has been withdrawn, one has been amended but five are still in place whereby senior citizens will continue to be taxed at a higher rate than prior to the November budget.

There are other parts of the budget of last November which should have been changed. One aspect is the capital cost allowance. At a time when we needed job creation, the minister withdrew large capital cost allowances from Canadian businesses. Other elements were the resource allowances in Canadian steel companies and the treatment of reserves on the sale of property, small businesses and farms. This has not been changed significantly, and certainly not in the budget of last night.

By leaving those last three matters in, the minister has ignored the fact that we should not just be looking at tax revenue; it is what that money can generate if it is left in the hands of private citizens to put to work in the economy. That creates jobs. The jobs created generate revenues for the government, but all the minister has chosen to look at is the fact that it represents tax revenues. When we remove those job-creating and investment tax incentives—what the minister calls loopholes—is it any wonder we have gone from a 2.4 per cent or a 2.2 per cent growth expectation to a loss of minus 2 per cent this coming year?

● (1540)

That budget should have been totally withdrawn. There was no reason why that abortion of a budget should have been left in place; it should have been taken off the books altogether. The minister should have started afresh last night and learned from the mistakes brought home to him day in and day out since November 12 last year and which he has totally ignored. The minister is not reading his mail, Mr. Speaker.

I should like to comment briefly on the public sector restraint program, Mr. Speaker. Prior to the budget, we in the Conservative Party said that we would support the public sector restraint program provided that it met two conditions. First, that it would take place within the context of a broad restraint program by the Government of Canada; and second, that the program would have some flexibility so that people on low incomes who are in the worst economic position today could be treated differently and those who warranted some merit increases could be treated differently.

Neither objective has been achieved in this budget. Clearly, no restraint program is being offered by the Government of Canada when it is increasing spending by 20 per cent this year. Obviously, there is no flexibility when a 6 per cent limit is placed on everyone, whether a clerk, SX3, a deputy minister or the president of a Crown corporation. Everyone, the good

employee and the not so good employee, is treated the same way. I urge the government to consider these proposals to extend government restraint programs and to put tighter control on government spending in order to bring it below 20 per cent.

I would also ask the government to consider capping wage and salary budgets to allow for some flexibility so that there could be different treatment for low-income employees in the government as well as for those who merit some increased remuneration because of good work.

Today's approach is inequitable, Mr. Speaker. It is too rigid and not appropriate to the circumstances. The public sector is being asked to make sacrifices but it is unlikely that it will feel part of a major recovery program that is so important to the country today.

I should like to return to the broad perspective that I discussed earlier and outline some of the Progressive Conservative Party's approaches within that perspective. In the 1980 election and following that, the Liberal Party, urged on by the New Democratic Party, took a major step to move the country toward more government, greater intervention and regulation and more government involvement in our lives.

We saw this in high profile programs such as the National Energy Program, the Foreign Investment Review Agency changes and the industrial policy which has been discussed by the government. These are high profile examples of this movement toward greater intervention. More pervasive and less obvious, however, are the increases in government spending which cover a number of smaller programs. In 1980, government spending rose by 16 per cent, in 1981 by 20 per cent and 20 per cent is projected for 1982. This will require tax increases. First, there were massive tax increases under the National Energy Program. In the November budget and in this budget the tax increases were not quite as obvious but they were there and the impact is being felt across the board.

More damaging than all that, however, is the method that the government has used to inject itself into the lives of Canadians. The government has removed those tax incentives and the so-called loopholes which used to encourage productive job-creating investment in the past and replaced them with direct, bureaucratically controlled programs, grants or direct subsidies, programs used extensively in research and development, by the Department of Industry Trade and Commerce, the Department of Regional Economic Expansion, and in this budget and the one before, in housing and in the oil and gas industry.

The policy of the Progressive Conservative Party is to change high profile programs such as the Foreign Investment Review Agency and the National Energy Program. We would keep the parts of those programs that could be of benefit to Canadians and throw out those parts which are obstacles to economic progress and are too arbitrary.

It is important to realize that if the government can provide a clear signal of change in the direction of its policy, that will