

*Income Tax*

What does it have to do with other matters like inflation? Every taxpayer in Canada who lines up at a bank for a loan has to realize that the Government of Canada has been there before, paying for its budget deficit, to borrow \$26 billion from financial institutions in Canada and abroad in order to finance this massive deficit. That is why the interest rate goes up and the ordinary Canadian taxpayer has no chance in the face of this fiscal mismanagement. There are millions of these taxpayers. We do not want to forget that there are 14.7 million Canadians who filed tax returns in 1980 and 15.1 million who filed in 1981.

The ramifications of the changes in the tax system are of extreme magnitude and affect virtually every person in Canada. The end result is that those people who are faced with inflation, which although it may be on the decrease now in the face of unrestricted Government spending is bound to increase in the future, are the victims, as well as the millions of jobless in Canada. We have 1.6 million people who are unemployed and still looking for work and we have another one million people who have given up looking for work. There are over three million people in Canada who have unemployment problems. They are the victims of this fiscal mismanagement.

All we can do is spend more money and increase taxes in order to solve the problem which the Government has created. There are many activities and actions that the Government has failed to take over the years in relation to the tax system and revenue-gathering processes in Canada. I have a statement referring to a report about underground money transactions. Do Hon. Members realize that experts have indicated that underground financial transactions in Canada amount to almost one-quarter of the total economic activity? There is something in the area of \$53 billion involved in so-called underground transactions. What is the Government going to do about that? Is it going out to find out who these people are who do not respond to the tax system, who ignore our tax system? No. It goes down to Nova Scotia, seeking out a few fishermen who risk their lives every day to go on the high seas. The tax officials are hitting them with assessments, going back over their tax returns and extracting money from them.

They are doing the same thing with people who want to run a small farm to support their family. They are going back and saying: "We are not going to allow you any expenditures, Mr. Farmer, because we think you are an employed person and you are not going to benefit from the tax system". Why don't they go after the criminals? Why don't they go after the drug dealers? Why don't they bring in these billions of dollars in revenues from the underground money transactions that are now taking place in Canada and that have been established by scientific reports?

I want to speak about one item in the tax Bill. That is all I have time for. It is the Government's treatment of pensioners. I asked the Minister of Finance in the House of Commons in December, 1981 whether he would recant on his taxation provision that would deprive senior citizens in Canada of the benefit of the \$1,000 exemption in respect of pension income. I thought he indicated at the time that he would. He has been

battling back and forth with that ever since. It has been raised in comments, newspapers, tax reviews and so on.

• (1520)

When I look at Clause 67 of this Bill, I do not see where the Minister of Finance has recanted from that onerous provision at all. I want to raise that objection because when the question was put to him in front of the people of Canada he expressed great sympathy for senior citizens who were trying to provide for their old age. I know of no more onerous provision in this entire Bill C-139 than that which deprives senior citizens of a \$1,000 income tax exemption if they are involved in another registered retirement savings plan.

If that is the attitude of the Government towards our senior citizens, then I have real concern for the future of Canada. If the Government thinks the Canadian people want to extract money from our senior citizens merely to fatten the Government so it can spend money on Dome Petroleum or help Bombardier and all those other activities it is engaged in, then we are in a sorry state in this country.

[*Translation*]

**Hon. Roch La Salle (Joliette):** Mr. Speaker, I believe that this Bill demands that we take a few minutes to remind Canadians how controversial this Government's administration has been. The Bill before the House today is more or less a reflection of the four budgets that were brought down since 1981. After all the corrections, amendments, and mistakes corrected twice over, we finally have here a thick slab of legislation which accountants and especially taxpayers will have a lot of trouble understanding. In any case, it is our duty on this occasion to criticize the Government roundly for poor management, poor planning, for commitments it failed to meet and, of course, for the promises it made to Canadians in order to try and win their support. If we consider all the changes that were made, we realize to what lengths the Government is prepared to go to obtain the support of the Canadian people.

I am referring to the four budgets brought down since 1981. They include a host of amendments which are sometimes very harmful, particularly to the poor. This legislation will not affect the rich but it will affect people on very low incomes who are least able to absorb some of the reductions and changes that affect Canadians directly. However, what is really incredible, Mr. Speaker, is the fact that since November 1981, starting with the predecessor of the present Minister of Finance (Mr. Lalonde), we have had 48 changes in the budget forecasts, while the present incumbent who was appointed last October had already made incredible mistakes, and I am referring to his miscalculation of the Government's deficits, borrowing requirements and projected borrowing requirements.

Mr. Speaker, to the Canadian people, to Canadians watching us, it was clear that for several months, after the Right Hon. Prime Minister (Mr. Trudeau) got rid of the former Minister of Finance who is now Secretary of State for External