

The Budget—Mr. Herbert

The tax base is smaller per capita in Quebec than in Alberta, for example. Because everyone pays federal income tax on the same scale, Albertans, whose average salaries are higher, make a bigger contribution to the federal treasury. However, the distribution of federal funds either treats everyone alike, such as is the case with medicare and post-secondary education funding, or it favours the less wealthy provinces, such as with equalization, unemployment insurance payments, work programs and regional economic expansion funding. Thus a federal system shares not only in the way it spends, but also in the way it collects taxes.

Incidentally, it may be of interest to Quebecers to have the precise figures on the amount of the reduction in federal income tax payable in 1982 attributable to the budgetary measures introduced last week. A family of four persons with one wage earner would pay \$425 less on an income of \$15,000, \$463 less on an income of \$20,000, \$538 less on \$30,000, and the reduction would be \$798 in the case of the head of a family of four earning \$50,000. In Quebec this year, provincial revenues fall well below provincial expenditures despite a massive input of federal funding. It is not an exaggeration to suggest that if Quebec were not a full partner in sharing Canadian wealth, it would be facing bankruptcy.

● (1730)

Can we not be proud that the provinces that have the least to lose from federal program cuts are so willing to continue to share their good fortune with their fellow Canadians in other parts of the country? These are the same provinces, ruled by Tory governments, that have deplored the federal deficit, but not one provincial spokesman has suggested program cuts that would directly impact the already hard-pressed and less wealthy provinces.

I want to turn, for a few minutes, to the question of what impact the budget will have on the individual. It is true, for example, that a doctor who earns \$100,000, using tax shelters to the full, could now be paying \$23,000 more in taxes. But it is equally true that the doctor with the same \$100,000 income who was not using tax shelters will pay \$5,000 less in taxes.

Some 12 million taxpayers will pay less and 800,000 will pay more. Almost all those earning \$30,000 or less will pay less income tax as a result of the budgetary measures.

The Minister of Finance has attempted to make far-reaching budgetary reform of the personal tax system. A system which allows persons who earn \$100,000 without having to pay a cent of income tax needs a radical overhaul. One columnist wrote, "They skipped, and slipped and slithered and hopped their way through tax loopholes."

I believe in equity, equality and fairness and I applaud the move by the Minister of Finance to end the tax shelters that were mostly of benefit to the high income individuals.

As the details of this budget are discussed, undoubtedly some minor inequities will be found and if past experience is any judge, modifications will be introduced. However, the broad principle of equitable treatment has been established and will be maintained.

While I can understand and be somewhat sympathetic toward the arguments of the members of the New Democratic Party, I have neither understanding nor sympathy for the Tory response. They indicated the continuing inconsistencies in their criticisms when they supported the New Democratic Party subamendment on Monday evening.

Some hon. Members: Hear, hear!

Mr. Herbert: In summary, Mr. Speaker, I wanted to see the federal deficit reduced but not placed on the backs of the provincial governments. The reduction in government borrowing resulting from a lower deficit will reduce the pressures on interest rates, ease the inflationary pressures and, to some extent, ease the borrowing problems of the business sector. I wanted to see a commitment to continue federal financing for health care, medicare and post-secondary education. I felt particularly that the present activities of our universities were threatened. I wanted to see an end to the revenue guarantee and I wanted a revision to the method of calculation of equalization payments.

The Minister of Finance has chosen an appropriate level of restraint during a difficult period when it would have been easy to loosen the purse strings. I have no hesitation whatsoever in expressing my full approval of the budgetary measures introduced in the House by the Minister of Finance last Thursday evening.

Mr. D. M. Collenette (York East): Before I begin my remarks, Mr. Speaker, I would like to thank the hon. member for York-Peel (Mr. Stevens) who agreed to speak after the dinner recess so I could speak at this time.

Two of the main themes in the budget as laid out by the Minister of Finance (Mr. MacEachen) were restraint and equity. If restraint and equity, as prescribed in the budget, can be achieved together with the economic development strategy outlined by the Minister of Finance in the document that accompanied the budget, then this will form the basis for economic renewal.

I wish to deal with the first two themes in the context of the fabrications of the official opposition, particularly the fabrications contained yesterday in the speech by the Leader of the Opposition (Mr. Clark). We know that the central theme of the budget, which is to restrain government expenditures in order to reduce the borrowing of capital, is crucial to the government's strategy. A reduction of government expenditures will assist private sector borrowing by reducing pressure on credit markets and therefore easing interest rates.

The government estimates that the deficit will decrease from \$10.1 billion in this fiscal year to \$5.5 billion in the fiscal year 1983-84. This is indeed a laudable achievement and one for which I am sure the official opposition would be pleased to take credit if it were the government. The official opposition has been harping away for many years on the need for the government to pare its expenditures and operate in a more businesslike way. The government is doing this but in a way which restores and safeguards equity in the economic system.