

*Income Tax*

legislation to implement portions of that budget in the form of Bill C-139. This Bill is being presented by the new Finance Minister (Mr. Lalonde), a new hand at the helm of the financial ship of state, but these changes must be viewed in the context of the economic distress which this Government's fiscal and monetary policy has imposed on Canadians because we want to ensure that the measures in this Bill help to alleviate that stress.

A year ago I detailed the hardship, uncertainty and chaos being created by that November budget. I reviewed some of its most damaging aspects such as the taxation of income from life insurance, the removal of incentives for construction of rental accommodation, the blows to investment, the taxation of income before it is received and the taxation of employee benefits. I said then, that these measures are damaging at any time but are particularly destructive when the economy is in a tailspin. I quoted comments which I received from Canadians who are outraged by the ineptness and incompetence of this Government. And I concluded that speech by saying, "Canadians will not accept the budget. It has caused too much pain and too many broken commitments." It gives me no pleasure at all, Mr. Speaker, to look back at that time and realize that my comments were all too accurate. That budget has had a devastating impact on the economy, on business, on investors, and on Canadians in general.

My Province of British Columbia has been particularly hard hit this year both by the recession and by this Government's policies. Its major employer, the forest sector, for example, is struggling to survive. We have heard in this House about the threat to our soft wood lumber exports which we face from the U.S. Major lumber companies are reporting huge third-quarter losses. For instance, one of our largest firms, MacMillan Bloedel Limited, of Vancouver has fired 22 per cent of its salaried work force, and at one point had laid off almost half of its hourly-paid employees. Fourth quarter losses are expected to be high also. The Council of Forest Industries reports between 25 per cent and 30 per cent of British Columbia lumber mill capacity is closed. The devaluation of the Scandinavian currency has had a stunning impact on our hopes for an early recovery of our offshore pulp markets. The IWA expects that total lay-offs will rise to 20 per cent of the lumber industry's work force. There are some towns, such as Port Alberni, which face 30 per cent to 40 per cent unemployment. Yet this Government has brought in no long-term solution to deal with some of these fundamental economic problems.

The hardest task to deal with, Mr. Speaker, for any Member of Parliament on either side of the House today is unemployment in his riding. We are daily meeting with very proud people, people in shock, people who have given the best years of their lives to agencies or to companies and who are out of work. Some of these people no longer even ask us to help them get jobs. Their problem is that they are running out of their unemployment insurance benefits and they are desperate for any measure at all that we can give them to re-enter the labour force. Given that reality in our ridings, I was truly astounded to hear the Finance Minister today say he expected unemployment to drop next year, because that is not the reality that we face here today. It is in keeping with this Government's track

record, however, of disastrous economic policies and poor forecasts.

While B.C.'s unemployment soared by 100 per cent this year over last, this Government was draining the investment needed to create jobs through a series of anti-investment measures. With mines closing throughout the Province, the Minister planned to tax employee benefits and northern allowances, thus making remote sites uneconomical. As the B.C. economy plunged, the Government proposed to make it harder for Canadians to provide for their future by taxing life insurance, restricting the \$1,000 pension deduction and disallowing the deduction of interest costs on funds borrowed to invest in registered retirement savings plans and deferred profit-sharing plans. While the number of business bankruptcies in B.C. doubled this year, this Government was gutting the small business development bond, eliminating reserves and applying a 12.5 per cent tax on dividends.

For over a year now this Government has not addressed the central issue facing our country today, the collapse of the economy. In fact, its policies have been making our problems very much worse. In my riding of Vancouver Centre, for example, small independent retailers of high fashion footwear are being put out of business by the Government's import quotas on footwear. These quotas were imposed last summer to protect the jobs of Canadian manufacturers in Central Canada at the expense of jobs elsewhere. Unfortunately, the Canadians who are being put out of business are the small retailers who sell highly specialized shoes for which there is no Canadian manufacturer. One merchant in my riding, for example, sells shoes which are designed in Canada by Canadians, but made offshore because it is uneconomical for any Canadian manufacturer to produce them. The quota he was allocated is too small to keep him in business and, unfortunately, he received his quota two months after the deadline for appealing it had passed. He tells me that unless he is allocated sufficient quota to keep him in business, he must close his doors. This Government, therefore, is forcing Canadians out of work in order to protect jobs which do not exist and cannot exist because of the size of the market in this country.

As a result of the Government's economic policies, a great deal of damage has been caused, and some of it long-term. The loss of faith and confidence in the future which some of my colleagues have referred to, Canadians will feel for a long time to come. For instance, a woman wrote to the Finance Minister about her husband. She said:

My husband's UIC ran out in June. He has been looking for employment for over a year. I have watched this man, who has lots of ability and experience in many areas, a man who would be an asset to anyone who would employ him, become discouraged, disheartened and finally to begin to feel that he is of no value to anyone. Whatever you think may happen in the decade of the 80s will be likely too late for us, and there are thousands like us.

Canadians have also lost faith in their Government. I continually meet Canadians with years of professional service who are out of work. I remember meeting with one bureaucrat who said he deals with former colleagues of his, people he went