

*Income Tax Act*

where the minister said in one paragraph there will be no export tax "because I have talked to the premiers of the producing provinces," and in the next paragraph we read "but I am going to put a charge on gas sold to U.S. customers". That is a direct contradiction. There has to be a political price for that kind of political dishonesty, Mr. Speaker, otherwise it becomes common usage. We will destroy common language, destroy any respect for democratic institutions, and we will destroy the underpinnings of democracy itself. The next few steps to the total removal of any true democracy are not that far along the line. That price needs to be paid soon because the frustration levels, and the consequences of us not facing up to that and ensuring that we do not allow that kind of behaviour to happen will be pretty severe on our children and grandchildren. We have an underlying obligation as members of Parliament to leave the country in at least as good shape as we found it, and hopefully we will leave it in better shape. However, I am afraid we are failing in that regard quite badly.

This collection of budgets and mini-budgets, and what have you, which the minister has collected under this income tax amendment bill today, and the economic consequences which the minister described in his speech are, as I pointed out, at odds with the goals he talks about. I have pointed out some of the inconsistencies and downright deceptions, as have so many other members in this House in past weeks. However, I want to put on the record some of the observations made by independent groups, not by people associated with this party or other parties or people who have vested interests. For example, the Economic Council of Canada published an analysis of the budget in a document entitled "An Assessment of the Impact of the Federal Budget on the Canadian Economy". On page 4 of that document we read:

The federal budget impact reduces the CANDIDE Model 2.0 growth rate in 1980 from -0.4 per cent to -0.6 per cent. Using the budget projections for energy investment further lowers the growth rate to -1.1 per cent. This is close to the Department of Finance projection of -1.0 per cent.

In other words, the Economic Council of Canada employing its Candide economic model, which has some credibility, is at least as good as the model of the Minister of Finance, which shows minus 1.0 per cent. For 1980, according to the Economic Council of Canada, the budget of October 28 made things 10 per cent worse than the government was saying.

In 1981, the Economic Council has pointed out that their model shows that the budget of October 28 reduces the growth rate from 1.4 per cent to 1.1 per cent. In other words, if there had not been that budget, we would have a growth rate projected this year of 1.4 per cent. Because the Minister of Finance took budget action, the gradualist approach he called it, growth rate will be reduced to 1.1 per cent. That is marvellous.

At page 6 of that document we find the following:

Adding the alternative energy investment assumptions of the Department of Finance further reduces the growth rate to .5 per cent. This compares with the Department of Finance projection of 1.0 per cent—

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So, using the economic model of the Economic Council of Canada, employing the last budget which was introduced, they conclude that for 1981 the growth rate will be half the level projected by the Department of Finance. That comes from the Economic Council of Canada, not a group of people who have partisan leanings, and if they do have any, presumably they would be Liberal because most of the members were appointed by Liberal governments. However, I do not believe they have any biases.

Then the Economic Council looked at the following years, and this is their conclusion. They conclude:

The general impact of the federal budget appears to be one which increases the rate of unemployment. The pre-budget base case suggests an unemployment rate of 8 per cent for 1981 but our budget alternatives show the unemployment rate lying between 8.2 per cent and 8.6 per cent.

In other words, had there not been any budget at all, there would have been unemployment of 8 per cent, but as a result of the budget, unemployment will be between 8.2 per cent and 8.6 per cent, according to the Economic Council of Canada. They conclude that the growth in the GNP will range between .5 per cent and 1.1 per cent.

Another interesting observation of the Economic Council of Canada on this budget and the income tax bills which flow therefrom, is that one of the hidden impacts of the federal budget is its compositional effect on savings. It will have a tendency to reduce the percentage of savings occurring to provincial governments' corporate sector and personal sector, and at the same time decrease the proportion of disservice or increase the proportion of savings occurring to the federal government. I think that perhaps this tells the real story of this budget. The real story of this budget is to take money from personal savings, that is out of your jeans, Mr. Speaker, and my jeans, to take money out of the corporate sector, that is presumably money which might have been invested to create new jobs, to take money out of the provincial governments, which I am sure will delight them, and to put it in the treasury of the federal government. That is the over-all thrust of this budget.

In order to accomplish that, in order to give them those funds which they will undoubtedly dream up for some vote-producing expenditure programs, they are quite prepared to see unemployment rates go up by perhaps .5 per cent, and, I think more, because there are other considerations, but at least by .5 per cent. They are quite prepared to see inflation increase to alarming levels, much higher than previously anticipated. They are quite prepared to see the Canadian public bear that cost through less job security, through more unemployment and through higher costs, in order that they can collect those extra savings from the provincial governments, from the corporate sector and from the private sector.

Perhaps that is what the minister may have said in his interview with *The Globe and Mail* on January 12, that part of his gradualism was economic adjustment. It is the adjusting of other people's money from other people's jeans into his jeans.