

*The Budget—Miss Nicholson*

tax by using the half a million dollar life-time capital gains exemption. This is a Government that talks about fairness yet its tax measures are increasing the gap between the haves and the have-nots.

Sales and excise taxes were raised dramatically in the first two years of the Government's mandate. These taxes are paid by everyone, regardless of ability to pay. Sales taxes were raised by 3 percentage points and the sales tax base was considerably broadened. Excise taxes on gasoline have now been increased by 4 cents a litre since the Government came to power. Our transportation companies complain that they are being put at a competitive disadvantage with American companies. Our tourist industry complains, but apparently the Government is unconcerned about the loss of Canadian jobs as a result of the tax measures.

Billions of dollars in tax revenue each year have been added to the Government treasury. Personal taxes are up \$14 billion since the Conservatives came to power, \$5.5 billion in this year alone. Sales and excise taxes are up \$8.7 billion since the present Government took over, \$2.2 billion of that in this year alone. Those figures are from the *Budget Papers*, the Government's own figures. These increases are targeted to individuals and families. More than 90 per cent of this additional tax burden is being carried by individuals as against a very small amount by corporations. Of the individuals bearing the brunt of this tax load, most are people of modest means. One could also add that the surtaxes of 5 per cent and 10 per cent on high income earners were temporary surtaxes which ended at the end of December last. But the 3 per cent surtax affecting everyone is still in effect with no end in sight. With all these new taxes and tax increases in place, eating away at the disposable income of the Canadian taxpayer, bringing in billions of dollars to the federal Treasury each year, one must ask why the deficit is still over \$30 billion and why the Finance Minister had to resort to gimmickry and fancy bookkeeping to make the numbers look better than they really are.

We all remember that at the time of the 1986 Budget there was a lot of hype about a magic number, a lot of pressure on the Government from its business friends to come up with a deficit projection under the \$30 billion mark, which the Finance Minister did. He projected a figure of \$29.5 billion, only to reverse himself six months later and set a target of \$32 billion. Now we are told that, in spite of all the belt-tightening imposed on those who can least afford it, by March, 1988 the Finance Minister expects to have come full circle to meet the goal he set last year. It is no wonder that 60 per cent of Canadians polled recently felt that the Government is doing a poor job of handling the economic situation. The 80 per cent who felt that tax increases would have little or no effect on reducing the deficit are quite correct in their assessment, as it turns out, because the Minister's projection of a \$29.3 billion deficit which he has set for March, 1988, depends upon a couple of slick manoeuvres, which are unworthy of this particular Minister of Finance.

The Minister proposes to garner an extra \$1.2 billion in fiscal year 1987-88 by requiring major employers to remit Government deductions, such as Canada Pension Plan and Unemployment Insurance, fortnightly rather than monthly as is now the case. The additional payment is a bookkeeping entry of \$1.2 billion. Without that he would not have made his projection of \$29.3 billion for the deficit, and he would be over his magic figure of \$30 billion.

A second measure to help the appearance of next year's deficit figure is the Minister's proposed deferral of \$200 million in defence spending. These funds will not be spent next year as scheduled, but in the following year. It is a gimmick. It is the shuffling of figures and paper and it shows, apart from all the other broken promises, that the Conservative Government is failing in the one goal it set for itself, and that is to bring down the deficit.

The deficit has barely been reduced and the public debt is continuing to rise. In the last full year of the previous Liberal Government, the deficit stood at \$32.4 billion. Under the Conservatives four years later, in fiscal 1986-87—and let me stress those were four years of economic recovery—the deficit according to the Finance Minister is \$32 billion. Despite raising taxes by \$6 billion, despite cutting Government programs and services, despite the introduction of user fees, service charges and the like, the deficit has barely been reduced. The public debt is rising dramatically.

Just before the 1984 election the Conservatives expressed great shock and horror at the \$180 billion Government debt which they calculated as a \$16,500 debt owed by each taxpayer. Today, the figures put forward by the Minister of Finance himself in the *Budget Papers* show that by the end of the next fiscal year that debt will have grown to \$26,700 per taxpayer. That is an increase of 67 per cent in two and a half years. So much for management of the economy.

We have seen how the Tories spend money. Millions of dollars on an inquiry concerning a Minister's alleged conflict of interest.

**Mr. Charest:** Who asked for that?

**Miss Nicholson (Trinity):** The Member opposite asks who asked for that inquiry. The Minister himself asked for it. We on this side asked for the matter to be referred to the Committee on Elections, Privileges and Procedure. We did not ask for millions of dollars to be spent on legal fees for the Minister, his secretary and heaven only knows who else.

**Mr. Charest:** As was done for previous Liberal Ministers in inquiries.

**The Acting Speaker (Mr. Paproski):** There will be an opportunity for questions and comments after the Hon. Member has finished her speech. The Hon. Member for Trinity (Miss Nicholson).