

● (1640)

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I would like to take part again in the debate on the sixth-month hoist motion on Bill C-99 entitled an Act to provide borrowing authority.

Mr. Speaker, I would like to remind you that authority is being sought under this Bill to borrow \$22.6 billion, an amount equivalent to the total deficit, to be borrowed during the fiscal year 1986-87.

When I spoke on this issue earlier today, Mr. Speaker, I commented on the fact that, regardless of the many recommendations of the Nielsen Report, the Task Force on Program Review, nobody has really dealt with tax expenditures, particularly those which benefit large corporations in this country.

Mr. Speaker, that was my starting point because if the Government really wants to justify its expenditures we must review all of them, not only selected expenditures and particularly those related to social programs.

Mr. Speaker, we are amazed to find out that the Task Force did not examine the expenditures of the Treasury Board, nor those of the Privy Council. They did not examine the expenditures of the Department of External Affairs, nor those of the Department of National Defence. In other words, some of the major public expenditures have been ignored, but at the same time they focused on private sector subsidies and social measures.

Some of the studies may have dealt with tax expenditures, Mr. Speaker, but no major changes have been recommended.

I would refer to the remarks of the study on services and subsidies to business, page 97 of the English version: This study group does not recommend significant changes to the four tax expenditures related to corporate income.

Mr. Speaker, instead of looking for ways to save some of the money now spent in the form of tax expenditures, the study groups ignored this source of financing.

At the same time, Mr. Speaker, they criticized existing programs, saying that we give very generously to the major companies. In spite of that we are not doing anything to make sure we will be far less generous with those major companies.

As I was saying in English earlier today, Mr. Speaker, if the Government is really serious about reducing the deficit, it will be dead serious about both tax expenses and Government spending.

I notice that instead of reducing the tax expenses, it has increased them since it came to power in September 1984. For instance, there is the lifetime \$500,000 capital gains tax exemption for single taxpayers, \$1 million capital gains tax exemption for a man and his wife who benefit from the advice of a financial consultant. This family could avoid paying taxes on \$1 million in capital gains while a family with a \$30,000 yearly income would have to pay between \$150,000 and \$200,000 in taxes at the current rate over a 30 year period.

Borrowing Authority Act

Mr. Speaker, my question is this: Is it fair for affluent people to benefit from such a tax break ranging between \$150,000 and \$200,000? It is not, Mr. Speaker, absolutely not.

There are other examples, Mr. Speaker. For instance, the oil industry is getting a tax break of up \$3 billion a year. Because this tax break has contributed to the deficit by reducing the Government's receipts, it has affected all of us. That is why tax revenues from major corporations will increase only by a small margin, while taxes paid by individuals will increase by 15 or 17 per cent during fiscal year 1986-87.

Mr. Speaker, the Government has set up a discriminatory system, because it favours major corporations at the expense of ordinary people.

[English]

When you have tax expenditures, and they have been identified by the study groups as being a serious problem, when the study groups suggest that the programs of subsidies and tax expenditures for business amount to giving with both hands and are making business into a group of program junkies, it is very hard to say why the study group will then conclude, as they do on page 97 as follows:

—the study team does not suggest significant changes relative to the four corporate income tax expenditure items covered by this overview.

Those four are the investment tax credit, the accelerated depreciation, the mining tax credit and the reduced rate of tax on manufacturing. They do not suggest any change.

The rationale in many cases is not adequately spelled out. In many cases they say, "Well, these are things at which we are going to have to look at some later time". The recommendations for people on the Staff Relations Board and many other parts of Government to be fired are taking effect right now. As my friend from Prince Albert pointed out, there were cut-backs taking place in terms of program delivery in regional offices in the east and west end of the region of Metropolitan Toronto where offices are actually being shut down.

Those are real cuts. It seems to me to be grossly unfair, if the Government is concerned about efficiency and effectiveness in Government spending, as we certainly are on the side of the New Democratic Party, that it should be so lenient when it comes to spending by large corporations at the same time that it is so rigid in going after much smaller quotients of expenditure by individuals and by small business.

All of the evidence suggests that the task force bought the bias of the Government in terms of what it felt should be done relative to tax incentives as compared to the kind of incentives that can be given by grants. It said on page 19, and I quote:

On policy, the team is in general agreement with expressed Government preferences for non-interventionist (i.e., tax) assistance, for setting a better business climate through removal of impediments to growth, and for concentrating federal assistance on the classic public goods of better information and service to the small business community.

In other words, the task force was biased against the grant programs that in many cases provided a much better modicum of public assistance to the Atlantic provinces, to northern Quebec and to Gaspé, to depressed regions now in parts of British Columbia and Alberta. It was against those kinds of