where they want, to invest where they want, to build factories where they want and to move jobs where they choose.

• (1635)

Not since the Depression have the corporations had such power and freedom as what is evolving now under the umbrella not only of the free trade agreement but also under the prospect of NAFTA which will make it worse. As one of my colleagues indicated earlier, the American domination of GATT makes it as much a contributor to the over-all international application of neo-conservatism that is causing so much harm and so much damage.

The deficit is just a part of the result of this over-all agenda. One of the things that is not clear is when this agenda began to be applied. In fact that agenda began to be applied in the 1970s when the Liberals rejected what many would have considered a sincere effort of tax reform advocated by Mr. MacEachen. It instead moved to change tax policy to provide a lesser burden on corporations. The result has been a much smaller proportion of tax revenues paid by corporations and a much larger proportion paid on the basis of personal income tax and other sources.

It also introduced changes in the tax system which benefited not just corporations but those who are wealthy and rich and who have a good deal more influence than ordinary Canadians. The result of this, quite frankly as was found by Statistics Canada, was a considerable budget shortfall. Deficits began to mount as expenditures began to mount in the face of the depression of the early 1980s.

It should be recognized that during the recession of the early 1980s there was another contributing factor. That was a high interest rate policy that began to contribute as significantly as a revenue shortfall.

The combination of this was the accumulation of a debt of approximately $200 billion as a result of Liberal policies favouring corporations and the rich at the expense of ordinary Canadians.

An inflation fighting increase in interest rates, a pattern which has continued to this day, is based on the notion that the appropriate way to fight inflation is to generate unemployment by means of high interest rates. As we recall interest rates mounted to 22 per cent.

Then came the Conservative government that continued this pattern of favouritism toward the large corporations and the wealthy. Then we also had Mr. Crow, confronted with burgeoning unemployment and inflation as well, choosing once again that characteristic approach of trying to fight inflation on the backs of the unemployed.

There is one thing that has to be recognized and it was demonstrated by Statistics Canada in its study. From 1975 until now, the burgeoning debt and continuing deficits were a result specifically of favouritism toward those corporations and the wealthy. That went to the extent that 44 per cent of the present debt is attributable to the shortfall in revenue resulting from that favourable treatment for those best off in our society.

• (1640)

As well, it should be noted that 50 per cent of the accumulated debt is a result of interest rates on the debt. It was as a direct result of the high interest rate policy of the Liberals as well as that of the Conservatives. It was the high interest rate policy that raised the value of the dollar and cut back on exports. It was the high interest rate that generated, according to a WEFA study, some 400,000 unemployed all by itself.

We talk about the deficit which has become an excuse for this government not to undertake initiatives that would have created jobs and a new knowledge based economy that this country must achieve if it is to compete internationally. However, that is only part of the equation. The other part of the equation is the unemployment it generated. This is unemployment in addition to that generated by high interest rates alone. It has to be emphasized that unemployment was deliberately incurred by the Bank of Canada under Mr. Crow specifically to keep inflation under control at the expense of the most powerless in our society.

We then had the other part of the corporate agenda which is the free trade agreement. As a result of the free trade agreement, according to numerous studies, it generated something in the order of 350,000 unemployed by itself.

It must be clear that if we have unemployment and closed factories that—