

take part in the debate on the budget that was brought down last week by the Minister of Finance of Canada (Mr. MacEachen). It is important to remember, Madam Speaker, that the primary objective of this budget is to check inflation. Now, why should the government try to check inflation when interest rates are very high and the unemployment rate in Canada is quite substantial as well. Well, our objective is to fight inflation because inflation is what is causing high interest rates and the problems we are experiencing in our economy. To achieve this objective, the budget contains a set of measures that are based on the following three principles: restraint, equity and creating a climate or conditions that are favourable to economic and industrial renewal in our society.

What is in fact the first thrust of the budget? What about restraint? If we really want to fight inflation, an economic disease which could be compared to being grossly overweight, we must reduce our expectations and slow down the rate at which we spend our money. We feel that restraint must be applied by the government to its own spending, and it is being very strict in this respect. In this budget, the government is proposing to substantially reduce the growth rate of its expenditures. As a result, there will be a substantial reduction in the government's deficit during the next few years and also in the government's borrowing requirements on the capital market.

What does a reduction in the growth of government spending mean? In 1981-82, government expenditures showed a growth rate of 16.6 per cent. In 1982-83, this will be reduced to 11.7 per cent, which is less than the inflation rate.

In other words, if we look at the rates of inflation and of increase in government spending, we find that instead of increasing our expenditures as a government, in real terms, in real dollars, we are decreasing our expenditures. And what about the decrease in the deficit? The deficit for 1981-82 is \$13.4 billion; the projected deficit for 1982-83 is \$10.5 billion. So a reduction in the deficit means a decrease in financial requirements, a very substantial decrease in the government's borrowing requirements, from \$9.8 billion, in 1981-82 to \$6.6 billion, in 1982-83.

**An hon. Member:** Good management!

**Mr. Bussières:** Mr. Speaker, earlier a member presented a petition concerning interest rates. By reducing its borrowing requirements by nearly \$4 billion, the government will contribute to relieve the pressure on the capital market and thus bring about further substantial decreases in addition to those that occurred during the past months, that is, further substantial decreases in interest rates. There is tangible proof of the government's determination to fight inflation, in its commitment and ability to reduce its expenditures and deficit and to ease the pressure on the money markets by reducing its borrowing requirements.

During the past few days, some hon. members have made proposals, which would mean an increase in government

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spending. The government is being blamed for not doing enough to help home owners or some industries. It seems to me that members who make these representations should tell us how much money they think these measures would involve, how much assistance in terms of dollars the government would have to give, and where the money would have to come from. Would we get the money by cutting back even more on our spending? If so, let them tell us which programs would be cut back. Perhaps these members would like us to get billions of dollars by cutting off the indexing on family allowances? Would they prefer us to reduce indexing of old age security pensions or of the guaranteed income? This is another indication they should give us when they call for additional measures to assist the Canadian people. They should assess those measures and tell us where the money would come from.

The second thrust of the budget is equity, the great concept of equity. And this concern for equity is not through a substantial reform of some aspects of our taxation system. It is done by withdrawing certain preferences or privileges granted to some taxpayers. It is a progressive measure which especially applies to higher income brackets. Contrary to the Minister of Finance in Quebec who decided yesterday to adopt regressive measures such as taxing beer and gas, the Minister of Finance chose a more progressive position by removing some preferences and privileges in the taxation system. It will be noted, Mr. Speaker, that I did not use the term "tax dodging," since these were quite legal provisions contained in the Income Tax Act, but they were privileges because they allowed some taxpayers in higher income brackets to pay substantially less income tax or still to defer paying the income tax they should have paid immediately.

● (1630)

What will it mean for the average Canadian to remove from the tax system the preferences and loopholes? Well, first of all, we will be able to reduce significantly the marginal tax rates which apply to the taxable income at the end of the year when the time comes to assess the income tax. Therefore, there will be a significant reduction of the marginal tax rates. Also, the abolition of these preferences will allow a more generous federal 9 per cent tax credit. As you may recall, there was a \$500 ceiling for the 9 per cent tax credit. From now on, Canadian taxpayers will be able to get a \$200 tax credit which may be doubled if the spouse who earns no income does not file an income tax return. Which means that low and average income groups may increase their tax credits from \$200 to \$400. The third major element which we want to incorporate into our income tax system by eliminating a number of tax preferences is the possibility of escalating the federal income tax tables. Because these three objectives are very important for Canadian taxpayers, Mr. Speaker, I should like to examine what they really mean to them, since we have removed a number of loopholes from our tax system.