

Borrowing Authority

non-workable. We in the New Democratic Party believe that the real engine of growth is people. If people have enough money to spend on the basic necessities of life, on a roof over their heads, some food on the table and clothes on their backs, that will create jobs, Mr. Speaker. The dollars they spend will create the domestic demand that will surely allow Canadians to work.

● (1130)

We in the New Democratic Party will be opposed to this Bill because we do not believe that the strategy of deficit reduction followed by this Government and the previous Liberal Government has worked. In fact, it has only supplied a free lunch and a free ride to the wealthy of Canada.

Mr. Manly: Mr. Speaker, I would like to commend my colleague for what I think was an excellent presentation of some of the basic economic and moral problems this country faces today. Someone earning over \$100,000 a year will be facing a tax increase of approximately 2 per cent a year while someone living on the poverty line earning around \$15,000 a year will be facing tax increases of 90 per cent. This indicates very clearly that there is a direct line between the wealth of the rich and the poverty of the poor and that direct line is the tax system. It is an unjust tax system and even the Government has finally recognized that.

The Government has promised tax reform and has talked about it for a number of years. We expected it would be here with the present Budget, but of course it has now been postponed. We do not know exactly what will be in the tax reform, but I would like to ask my colleague if he could indicate to the House what hopes he has for the proposed tax reform the Minister of Finance (Mr. Wilson) will bring in.

Mr. de Jong: Mr. Speaker, we all wait with bated breath the Minister of Finance's tax reform proposals. I believe it is important to the Government from a political point of view to bring in tax reform. The American tax reform proposal has seen top individual tax rates being reduced to some 28 per cent. I believe that around \$130 billion of extra revenue will be taken out of the corporate sector in the United States just by plugging up loopholes. Many individuals will benefit from that. Whether this Government will do the same, I am not certain. We will have to wait and see.

Politically, it would seem that this Government could very well use tax reform as a method of attempting to get itself re-elected in the next election. That is why I personally believe the Government keeps postponing tax reform. It is something it should have given indications of in 1984, and certainly tax reform or at least steps in that direction should have been included in the 1985 Budget. The Government has kept postponing it and postponing it. I suspect we will see tax reform around the time the next election will be called as a political ploy.

I also suspect that through the tax reform package, personal income tax will drop, and will perhaps drop substantially.

However, I am afraid that the Government will take back the extra tax savings of Canadians through a new type of business transfer tax or a tax on consumption. The Government will put dollars into our front pockets but will take them back out of our back pockets. The Government will take the dollars back through a value added or business transfer tax which is a hidden tax, a sales tax, a tax Canadians will not see and will not be aware of when they pay it. In essence, tax reform could very well be a shell game; now you see the pea, now you don't, now you see your tax dollar, now you don't.

It is unfortunate, but I do not believe that the Government is philosophically committed to the notion that it is people, the meeting of human needs, that should be the engine of growth in Canada. I believe the Government, like the Liberal Party, is committed to the notion that if the guys at the top do well, eventually those benefits will trickle down and at some stage there will be more employment. It is called the trickle-down theory. In essence, it means that if we feed the horse a lot of oats, eventually the sparrow will get some. The oats will pass through the horse and the sparrow will be able to get the horse's droppings. This trickle-down theory has not worked.

I would also like to point out to my colleague and to the House that a cruel joke has been played on the poor of Canada. The poor are the victims, the casualties of the fight against inflation. The House will recall that in the mid-70s when inflation was raging at 12 per cent and up, there was a national and, in fact, an international resolve to wrestle inflation to the ground. The causes of inflation were many but essentially it was human greed, the greed of the oil industry, the greed of OPEC and the greed of primary producers. Those in the market-place who had the strength got on the bandwagon and there was this inflationary effect. Governments decided to wrestle inflation to the ground through a restrictive monetary policy. This meant that a great many people lost their jobs, including industrial workers, white-collar workers, lawyers and accountants. These people are still without jobs and they are the ones who have been taxed by the Government ever since it has come into power.

Mr. Ravis: Mr. Speaker, I was beginning to think that the Hon. Member's entire presentation was about the trickle-down effect and droppings. I would like to follow up on the question put by my colleague, the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly), about waiting for tax reform with bated breath.

I can assure you, Mr. Speaker, that I too am waiting for tax reform with bated breath, but I am waiting for it with a positive attitude about what will come from the Minister of Finance (Mr. Wilson) who, in 1984, brought forward a very realistic economic agenda. Now that we are two and a half years into our mandate, there are some very impressive performance indicators showing that we are on the right track.

Having been here for two and a half years, I am convinced that if one holds something up to a member of the NDP, even if it is the best piece of legislation in the world, he or she will