

*Government Orders*

Today thousands and thousands of Canadians, many like this widow I am talking about, are calling the Secretary of State Department and getting a busy signal for the past two weeks. That is reality. We sit in this Chamber and debate a bill that is going to put off the payment of taxes by some of the wealthiest people in this country today, some people who do not pay the taxes that normal, ordinary Canadians pay.

I suggest to the Government of Canada that it withdraw this bill, saying it was a mistake. It should try to fix the Income Tax Act so that it is a progressive act and not a regressive act. It should try to defend the position of the people in this country who cannot afford to pay the over-burden of taxes that they have to pay today, so that people will put up with a government that has taken some terrible decisions in the past. This bill should be defeated.

**Hon. Frank Oberle (Minister of Forestry):** Madam Speaker, my hon. friend earlier made a reference to the history lesson he would include in his speech concerning the MacEachen budget of 1980.

I wonder if the member would be so kind as to give us that lesson because that is really the only reason I hung around. As I recall the 1980 MacEachen budget, before it even left this House in the fall of 1980 it had 18 changes made to it by the government and in the course of the next two or three months several changes were made. They had to withdraw the whole budget.

As I recall, the deficit forecasts were exceeded by 250 per cent. They went from \$12 billion to \$26 billion in one year; just a small miscalculation.

I was sitting here on pins and needles. If the member wants to take additional time why not include the Lalonde budget as well? The SRTC's—

**Mr. Blenkarn:** Scientific research tax credit that he voted for.

**Mr. Oberle:** The scientific research tax credit that he voted for. Finance minister Lalonde was sitting over here and he said: "This will cost \$100 million". When I inherited the portfolio, I had to clean up a \$2.5 billion mess that they had just shovelled out.

• (1310)

I was travelling around the country visiting some of these people who had taken advantage of this fraud. One

guy said to me: "Look, I want to be reasonable with you. If somebody invites you to the mint to look around and just to visit to see how money is made and while you are there he hands you a big garbage bag and a shovel and says help yourself, what would you do?"

Why do you not give my hon. friend just a minute to give us his version of that particular history lesson.

**Mr. Baker:** Madam Speaker, I presume there is unanimous consent to allow me to do this?

**Mr. Siddon:** On the MacEachen budget?

**Mr. Baker:** Let us start first with the scientific research tax credit. For those people who do not understand what the minister is talking about, let me say that it is commonly referred to as the quick flip. The quick flip was brought in in 1984. You will notice the year that I said, 1984.

**Mr. Siddon:** In the spring of 1984.

**Mr. Baker:** The hon. member who is now a member of the government sat in his place when the Department of Finance notified the Minister for International Trade, who at that time was the Minister of Finance, that there were problems. The finance department in fact had approved it so that was the way it worked.

For example, there was the idea of building miniature submarines in Mississauga or some place close to there. I think that was one of the ideas put forward. Another one was that you could send a message from Vancouver to St. John's, Newfoundland without plugging anything in the wall. If you had any kind of an idea, the way it was structured you could go to the tax department and the tax department would judge whether you were to be given a tax credit. Say that it was for \$5 million but you had to pay half of it, 50 per cent.

The hon. gentleman asked for unanimous consent which he got for me to do this. You paid half of it. Then you found some other way of getting the other half. The person would go and get a loan. There was a transaction made in a lawyer's office with an accountant, a lawyer and the bank representative. The bank was making its money on the transaction. The lawyer was not making too much. They were not very smart in the beginning because they were only making something like 2 per cent. Then they caught up to the accountants who were claiming 10 per cent and that is the way it went.