

The Budget—Mr. de Jong

which the middle class and the poor are carrying the load. The well-to-do and the larger corporations have not been carrying their load and, at the same time, the very poor have seen their services and support programs cut.

What I find most obscene is the type of lecture which we, Members of Parliament, have received from the corporate elite of the country. For example, last year I received a letter from the President of the Royal Bank of Canada at that time, Mr. Frazee. Mr. Frazee told us that we have to bite the bullet to bring the deficit under control, that we are spending too much money on our social programs. Mr. Frazee was suggesting that the kids in Regina who go hungry every night are taking too much out of our social programs. He suggested to us that in order to reduce the deficit we have to start cutting our social programs. Yet, in 1982 the bank of which he was president did not pay one cent of tax on \$330 million. Who is having a free ride?

There was nothing in this Budget which began to address the question of fairness in our tax system. The Minister of Finance tells us to wait, that he is going to introduce tax reform. I asked him in committee when he will be ready to give us his White Paper. He said he would be ready some time this spring. He told us last year that he would have a paper ready on some aspects of tax reform some time this spring. Now we have to wait a little longer.

The truth is that the Government is asking the poor and the middle class to wait so that it can drop an election goodie on them in time for the next election. Meanwhile, the rich and the large corporations continue their free lunch. This is not right. It is disgusting. No wonder the Canadian public has become cynical with the Government and has expressed that in the public opinion polls. No, Mr. Speaker, in no way can I support this Budget and the action of the Government.

Mr. Hockin: Mr. Speaker, I will give the Member for Regina East (Mr. de Jong) a chance to catch his breath while I ask him two questions. First, with regard to his comments about those who live below the poverty line, is he aware that the Government of Canada made it clear in the Speech from the Throne and also in the Budget that announcements affecting low income Canadians will flow throughout this year? All of those announcements do not have to be made in the Budget Speech.

Also, is he aware that because of the prodigious job creation of the last two and a half years fostered by the low interest rates and the fiscal discipline of the Government over 200,000 Canadians who were below the poverty line are no longer below the poverty line?

I would like to ask the Member about his peroration about corporations and their lack of production of tax revenue compared with the personal income tax sector. Is the Hon. Member aware that we have done away with a number of tax exemptions and reductions in the last two years, including carve-outs and limited partnerships, and that we are now moving on a whole host of others? Prominent among these are

a number of opportunities for corporations to diminish their tax which are complex and must be properly dealt with. Prominent is the large loss overhang which flows out of the recession period. The Hon. Member knows that that has been a major contributing factor to the lower revenue from the corporate sector. The way preferred shares are structured and so on has also contributed to this, all of which is to be looked at in tax reform.

Is the Hon. Member saying that because he is in such a hurry to have these changes, rather than get all these things right, in order that the corporate sector pays its proper amount, we should rush in with a proposal prematurely? The Hon. Member knows that we will be bringing our proposals forward in the spring which is quite soon. I have those three questions for the Hon. Member and I would appreciate if he could answer them directly.

Mr. de Jong: I will with great pleasure, Mr. Speaker. First, the Minister of State for Finance (Mr. Hockin) mentions all the good things which flow out of this and other Budgets to help the poor. The fact is that the poor are being taxed at a new level every year because of the measures which the Government has taken. Since the provision of below 3 per cent for inflation for income tax purposes was taken out, more and more people are being brought into the income tax regime.

I saw no mention whatsoever in this Budget of poverty. The word was not used once. The Minister of State tells us what the Minister of Finance has told us, to be patient, that we should not rush into tax reform, that we have to think it through. They did not think it through when economic policies resulted in hundreds of thousands of people being thrown out of work. There is no thinking through about the results of economic policy when it affects ordinary Canadians, but we have to think it through and be careful when it comes to taxing the corporations and stopping the haemorrhaging of funds which is occurring.

The Minister is right that there are up to \$35 billion of business losses still on the books. If the corporations use these business losses they do not have to pay any tax at all in the next two or three years. Yet the Minister and the Government tell us we must be very careful when we deal with that.

● (1230)

Why do successive governments, whether Liberal or Tory, tell us to be careful when we deal with corporations but do not have the same consideration when dealing with human beings? The kids going hungry in the streets of Regina today can wait regardless of the social and economic cost it will produce for the country. They can wait until the Minister of Finance gets his act together and introduces some form of tax reform. In the meantime, the large, the powerful and the mighty of this country continue with their free lunch. I say that is obscene.

Mr. Manly: Mr. Speaker, that last exchange reminded me that the Government had not really thought through the implications of the \$500,000 capital gains tax exemption