

programs. What is going on here? What is the explanation for this?

Mr. Stewart: Time.

Mr. de Jong: The Hon. Member says that it takes time. How much time will it take? Will it take two years, four years, eight years? After all, the Hon. Member must realize that when the Government of Saskatchewan was elected in 1982, it was going to create instant jobs and instant prosperity, just like the Tory Party during the 1984 election campaign promised instant jobs and instant prosperity for Canada.

Ms. Mitchell: Did they do that?

Mr. de Jong: Of course they did not do it. The unemployment rate in Saskatchewan has increased since the Tories were elected. So much for business confidence in the Province of Saskatchewan.

Let us have a look at the situation, Mr. Speaker. Why do Tory times produce massive deficits? They produce massive deficits because they are committed to a philosophy and theory of economics that has been shown not to work. It is the monetarist theory developed by the Chicago School of Economics and Dr. Friedman. I will explain it in a plain and simple way which I think Hon. Members, particularly the Hon. Member for Bow River (Mr. Taylor), will understand. The philosophy is that if one feeds a horse a great deal of oats, the sparrow will eventually get some. That is essentially the monetarist philosophy. They believe in giving the corporate sector a great many tax breaks. I say this tongue in cheek to the Hon. Member for Bow River because I know that he is a prairie populist who has as much distrust of the CPR as I have, but they believe in giving tax breaks to the CPR. The essential notion is that if the corporate sector is given a lot of tax breaks, eventually those breaks will filter through the economy and create jobs and prosperity for all. That is a nice simplistic solution except that it does not work. Because the solution does not work, we have a downturn in economic activity. The Government forgoes tremendous revenues. We see this over and over again.

As the critic of the Revenue Department, I have been following the actions of the Minister of National Revenue (Mr. Beatty) with some interest. This is an example of the philosophy at work. In *The Globe and Mail* of November 28, there appeared an article with the headline: "Ottawa makes it easier for business to avoid tax". It is indicated in that article that the Minister has announced that his Department will help the private sector find tax loopholes in order to determine if setting up a dummy company is legal or not. The third paragraph of the article to which I have referred reads:

An advance ruling would allow a company that is considering, for instance, establishment of a dummy corporation that would reduce its tax bill, to find out whether its proposed strategy is legal.

The Minister went on to say that he thought that business people were spending too much time looking for tax loopholes. He felt they should be spending their time making money and doing normal business things rather than looking for tax

loopholes. Therefore, the Government, at the expense of the people, will find these tax loopholes for them. Is that not sweet of the Government? How much are we going to lose on this? When is the Government going to realize that, in order to reduce the deficit, it should stop looking at the expenditure side and start looking at the revenue side?

Just yesterday we heard from the Economic Council of Canada which stated in its report that the problem with the deficit is not over-expenditure but lack of revenue. A newspaper article of November 28, 1984, reads as follows:

The federal deficit, expected to reach \$34.6 billion this year, has not been growing because spending is out of control, the council said. Rather, the Government has failed to keep raising enough taxes to cover its expenditures.

Tax exemptions and loopholes combined with slow economic growth during the past 10 years have cost Ottawa almost \$100 billion in tax revenues.

Is the Government concerned with the revenue side? Is the Government concerned with doing those things that create economic activity and therefore tax revenues? Is the Government concerned with doing those things that would stop some of the tax loopholes? No, Mr. Speaker, because in its simplistic solution it is the expenditure side that is the cause of our deficit. As far as the Government is concerned, spending is out of control. Again, simplistic solutions to complex problems will lead to further disaster in Canada today.

It is unfortunate that the Hon. Member for Mississauga South is not present today. I attempted to ask him some questions yesterday when we asked the House to give unanimous consent to allow the Hon. Member more time for an exchange after his speech. I understand that every Member of the House was willing to give him more time except a member of the Conservative Party. I found that a bit strange.

• (1140)

The Hon. Member for Mississauga South spent a fair amount of his time explaining how some provisions of the Unemployment Insurance Act allow some of his constituents, who worked many hours during the summer and who were involved in the construction business, to be eligible for UI payments and they take advantage of those payments during the winter construction slowdown, even though they are really not in need. However, legally, they are eligible for those benefits. The Hon. Member felt that that was wrong and that the requirements should be tightened. In a scheme such as unemployment insurance there are many different situations. There may be cases of people receiving benefits which perhaps they should not be receiving. In some cases it may be legal, in other cases it may not be legal. The Hon. Member for Mississauga South was very concerned about that. I accept the concern of the Hon. Member, but we should maintain a sense of proportion.

Was the Hon. Member concerned about the tax loopholes which are being provided through the research and development tax credit? He called it a scam, and I certainly agree with him. It was introduced in the Budget which was brought down by Mr. Lalonde. It was only supposed to cost the public treasury \$100 million. Now the estimate is that it has cost over \$1.5 billion and this scam will cost another \$400 million or