

Income Tax Act

I never thought the Minister of Finance, whom I knew when he was on this side of the House, would become such a first-class snake oil salesman. He has been successful because he has enjoyed the benefits of strong western economies, and the Canadian economy has followed suit. I say, as I said a moment ago in French, this is not because of the policies of the Government; it is in spite of the policies of the Government. For all of that, in these areas with which I take issue, namely, raising taxes to lower them and telling us that the deficit will be through expenditure cuts and then trying to do it through massive tax increases, failing on both counts, I never expected the Minister to stoop so low as to tinker with accounting procedures in the name of management practices simply to get at the deficit artificially. He was not able to get at it, as I pointed out, through massive tax increases. The Minister obviously did not get at it through expenditures which, initially, he said he would do. Instead, what has he done? He has tried to get at the deficit through tinkering, if you like, with bookkeeping procedures under the Income Tax Act. We will not let him get away with that. In other words, creative arithmetic seemed to be the only vehicle left.

The first hint that we would be faced with this kind of activity by the Minister and his Department was in the first Budget of 1985. In that Budget, Mr. Speaker, you may recall that in the name of new management and initiatives, the Government expected in 1985 and 1986 to realize savings of \$1.2 billion. That was called a plan of improved cash management. You may recall this because we discussed it in the House. It ties in very directly to what I have to say today about Bill C-64. Most of that better cash management, a total of \$336 million, was to be saved in 1985-86. Those funds were to come from stripping Crown corporations of their surpluses. In other words, by taking dividends out of Crown corporations and bringing them up into general revenues, the Government was saying, "We are providing better cash management and, of course, in this fashion we will be reducing the deficit". That is like moving your funds from one bank account to the other and saying, "You see, I have no deficit now in my savings account", but you still have depleted your other account. The Minister just moved funds from account A to account B and put that procedure forward as some magical way of getting at the deficit through that wonderful name of better management initiatives and improved cash management.

Worse still is what we see in Clause 67 of Bill C-64. This is stooping even lower than what the Minister did in 1985. Specifically, the Minister decided to get at his deficit by a one-shot \$1.2 billion move of tax remittance from 1988-89, I believe it is, to 1987-88. Let me make sure of that. Yes, it will indeed. By obliging employers to effect withholdings on salaries paid to employees twice a month instead of at the end of each month, a block of withholding funds of approximately \$1.2 billion will be moved from April of 1988 to March of 1988. That has been estimated to bring an additional \$1.2 billion into the 1987-88 fiscal year.

• (1550)

Of course, this removes that same \$1.2 billion from the following fiscal year of 1988-1989. What kind of sound financial management is that?

I could go further. When the Minister presented his Budget and his Estimates for the deficit, he did everything possible to get it below \$30 billion, the magic number he had in his head. Of course, by changing the payroll withholding date from April to March, he in fact was able to get his deficit below \$30 billion. Had he not done so, the projected deficit at that point would have been \$30.5 billion.

Let us think about that. If I am wrong about it, I stand to be corrected. I wish I were wrong about it and I wish the Minister would tell us that it is not true. However, in order for the Minister to have this \$1.2-billion increase in revenues in 1987-88, this one shot at \$1.2 billion, employers across the country have to change their accounting systems forever to provide bi-monthly rather than monthly remittances to the federal Government of Canada.

Imagine the increased costs and increased paper burden on those employers, simply to accommodate the Minister's deficit which he promised in 1985 he would get at through expenditure cuts. As I said, despite the \$22-billion increase in taxes on individuals, he has been unable to get at it through tax increases.

What has the Minister done instead? He has moved to artificial, creative arithmetic, imposing a burden on employers right across Canada, simply to move \$1.2-billion worth of receipts in the federal coffers ahead by 15 days. I think that is shameful. I think it is scandalous. In my judgment, the Minister has tarnished that image of fiscal management and fiscal integrity, if it is not in tatters when people understand what is taking place.

When I saw this bit of sleight of hand, I became very concerned. I thought that the Minister had found something else. He discovered the coffers of Crown corporations back in 1985, and now he has discovered the concept of accelerated payments.

Where will it end? Will I be invited to accelerate my income tax payments over the next several years in order to bring more money into the coffers of the Government of Canada and basically reduce the deficit of the current year? The Minister has effectively set out a lot of chickens which will come home to roost.

Let us look at the initiatives of this Government across the board. If I can coin a phrase used by the former Minister of Finance on that side of the House who had a very brief tenure, you may recall quite painfully, Mr. Speaker, back in 1979, it is short-term gain for long-term pain. This is a first-class example of short-term gain for long-term pain. The pain will be felt by employers forever and the gain will be realized by the Minister simply for the current fiscal year.