

### *Supply*

As I said in November, it is a budget which was dishonest in its presentation. It was put forward as being equitable but the evidence is overwhelming that ordinary working men and women or Canadians who want to work are punished terribly by it. The budget helps multimillionaires but takes all or part of the child tax credit away from at least 60,000 Canadian women. It lowers pensions received by Canadian veterans. It attacks the security of some 13 million Canadians depending on insurance policies for future security. Beyond the economic damage inflicted by this budget on literally millions of Canadians, the injustice extends to creating among many of our citizens, such as Canadians who had taken up investment incentives or Canadians who had followed plans for their own security, the sense that they have been betrayed by their own government.

The budget was described as a weapon against inflation. The one certain thing this budget will do is feed inflation. The proposal to tax employee benefits guarantees that hundreds of thousands of Canadian workers will demand higher wages in new contract negotiations, to make up in cash what they have lost in benefits.

John Fryer, the president of the National Union of Provincial Government Employees who appeared before our committee, estimates that 90 per cent of his 240,000 members will face increased federal taxes as a result of this budget. That is because the budget will artificially raise taxable incomes by taxing dental and extended medical care programs that his union has already negotiated to be paid by employers. That alone will immediately boost the taxable income of a British Columbia civil servant, to take the example of one province, by \$498 a year, and the federal tax grabbers will take, on average, \$166 of that.

The result is simple and is evident to all of us. It should have been evident to the Minister of Finance (Mr. MacEachen). Mr. Fryer says his members are telling him that whatever they had been demanding to catch up with their losing battle against inflation will have to be raised by one or two percentage points, come the next round of negotiations. Those union members—like the British Columbia loggers who will have to pay an extra \$18 per day in tax for remote living allowances—will demand more money. So will their counterparts in unions in various fields across the country. Costs will go up with no increase in productivity. Inflation is automatic. It is guaranteed by this aspect of the minister's budget.

But the minister has built inflation into his budget in other ways. He airily dismisses a major change in the federal sales tax as having no effect. He might think it has no effect but the experts for the Retail Council of Canada calculate that the shift of the tax from the manufacturing to the wholesale level, despite a cut in the rate, will add up to 6 per cent to the cost of almost everything we buy in Canada.

Think of that. According to the figures of the Retail Council of Canada, with this one so-called technical change the price of an \$800 refrigerator will increase by a minimum of \$13 and a maximum of \$48 at a time when refrigerator manufacturers are closing down.

And those increases do not even consider the turmoil and costs of shifting the collection and calculation of the sales tax from the manufacturer to the wholesaler. One major wholesaler estimates the changeover itself will cost \$1 million with an added \$100,000 per year for compliance. Those costs, too, will be passed on or else more companies will go bankrupt and more Canadian jobs will be lost.

In the interests of ivory tower theory, then, the minister is building inflation into this budget. There could be two explanations for that kind of deception—the pretence that it fights inflation when it feeds it, or the pretence that it is equitable when in fact it imposes an unbearable burden on lower and middle-income Canadians across the country.

This budget is the result either of incompetence or design. If it was simply incompetence—if the minister genuinely did not know what he was doing—an honourable minister would swallow his pride and draw back the budget. Because, I remind the minister, he is not debating parliamentary procedure here. He is damaging lives, he is literally driving people to suicide, he is destroying trust in government, he is destroying investment plans and savings plans that people have built up painstakingly over decades, he is driving Canadians out of jobs, and he is destroying both the means and the will to create future jobs in our country. Those are the stakes here. That is what has happened and it is known to every member who has been listening to his or her constituents over the Christmas break.

**Some hon. Members:** Hear, hear!

**Mr. Clark:** It could be incompetence but we cannot rule out the possibility that this budget had exactly the result the government seeks. Certainly, the one unquestioned impact of this budget is to put even more of the nation's money and wealth in the hands of the central government.

Between the third quarter of 1980 and the third quarter of 1981, over one third of the increase in the gross national product was absorbed by increases in federal government revenues. The government now proposes, during this fiscal year and the next fiscal year, to increase its revenues by \$27.5 billion. That means it plans to take another \$1,100 from every man, woman and child in this country. By the end of that two-year period, the federal government revenues will have increased 52 per cent above what they were in 1980-81. After excluding transfer payments to provincial and local governments, the amount of money at the disposal of the federal government will increase by 63.1 per cent in that two-year period.

While this budget abandons equity, Mr. Speaker, it feeds inflation. It clearly achieves the government's purpose of a major tax grab by the federal government, taking money, wealth and power from the people of this country and concentrating them within a government that is stupid enough to bring in this kind of budget and now tries to defend it in the name of equity or in the name of economic advance.