

Government Orders

An hon. member: Talk about those numbers.

Mr. Manley: Government members do not like to talk about those numbers. They do not like to talk about the deficit in manufacturing jobs that they have generated through their policies over the last two years—300,000 plus jobs lost. That is a deficit.

So now we are presented with this bill, the debt financing and reduction account act.

An hon. member: Smoke and mirrors.

Mr. Manley: Well, I have said we will support it in principle but frankly I have trouble doing it with a straight face.

Let me tell you, Madam Speaker, what the 1991 budget says about the debt servicing and reduction fund.

• (1720)

After the first full year of operation, ending in 1992, the balance in the debt servicing and reduction fund will be a deficit of \$26.85 billion. The second year \$25.69 billion will be added to that. After five years of operation the fund will have a deficit of \$121.765 billion. This is not my number. These are the government's numbers, page 94 of the budget. What kind of a debt reduction fund is that?

For that matter, if you remember, this GST tax was to be revenue neutral. Revenue neutral in relation to what? The government started talking about replacing the old federal sales tax with a value added tax at the time of tax reform in 1987. Then it put it off. It cut income taxes in 1988, as I have mentioned, just prior to the election and then introduced its technical paper on the goods and services tax about a year after the election in 1989. Government members did not want to talk too much about it during the election campaign, although the hon. member for Mississauga South managed to put his foot in it during the election campaign and said that the tax was going to bring in a lot more money than anyone was admitting.

An hon. member: An extra \$10 billion.

Mr. Manley: He said an extra \$10 billion and was promptly told to be quiet. He was right about those numbers.

What astonishes me is that a government that tried to finesse this tax through on the basis that it was going to be revenue neutral is now trying to finesse it through on the basis that it is going to be used to reduce the deficit.

How can the government have it both ways? If it is revenue neutral then it is neutral in its impact on the deficit. If it is not revenue neutral, then why did the government say it was revenue neutral? Furthermore, as I said earlier, revenue neutral in relation to what?

When the Conservatives took office, the federal sales tax was 9 per cent. They raised it to 10 per cent. Then they raised it to 11 per cent. Then they raised it to 12 per cent. We must remember that all this time we were being told that the federal sales tax was a terrible tax. It was doing untold damage to Canada's manufacturing sector. It was unfair. It was terrible. When they went into the election at 12 per cent and still did not want to talk too much about the GST they just said: "There will be a new national sales tax and it will be revenue neutral compared to the old one". Then they raised this terrible tax to 13.5 per cent. It is still not revenue neutral because now they want to use it to lower the deficit.

With all these reservations, with my conviction that what is really going on here is a bit of smoke and mirrors, a bit of flimflam, another attempt by this government to fool Canadians into thinking they are doing something serious about the financial mess they have created while in office for seven years, why would I say that we will support it in principle at second reading? It is a bit of a stretch I have to admit.

The basis of our support in principle is that, first, the GST proceeds must not be spent on buying votes in the next election campaign by this government. Second, Canadians have to realize that the deficit and the debt is a problem recognized by national political parties and shared by all Canadians regardless of their political affiliation.

Madam Deputy Speaker: I see the hon. member for Broadview—Greenwood rising, but there is no period of questions or comments after the first two speeches at second reading. I will now recognize the hon. member for Essex—Windsor.

Mr. Steven W. Langdon (Essex—Windsor): Madam Speaker, I am not sure what amazes me most, the spectacle of the government coming before us having doubled the deficit in its seven years in office and claiming to the people of Canada that this piece of bookkeeping subterfuge is going to do something about that deficit for which it is largely responsible—I am not sure if that is the most amazing and ridiculous spectacle—or the spectacle of the Official Opposition getting