

*The Budget—Ms. McDonald*

● (1650)

It has been reported on the front page of Winnipeg newspapers that the NDP has made a record tax grab in Manitoba. The Province now has the highest per capita debt in Canada. Manitoba, under an NDP Government since 1981—something which the Hon. Member praises—will now have to cut programs.

The Hon. Member says that her particular interest is with respect to culture. She criticizes the Government for reducing expenditures in culture. However, she also criticizes the Government because the national debt is going up just a little too high. How in the dickens can one spend more here and save more there and criticize us for saving and not spending? The Hon. Member says that she knows what she would do. She would tax the rich some more. She would tax the corporations. In every speech made by a member of the New Democratic Party over the last two-and-a-half years they have criticized every program that we have ever cut. They would rather that we increased spending in those areas. On the basis of that type of rhetoric instead of a proposed \$29 billion deficit we would probably be looking at a \$75 billion deficit. They would go to the Canadian public and say: "We will tax the rich a little more to get that money back".

How can the Hon. Member stand in her place and talk about Manitoba with its tremendous deficit per capita and its reductions in programs when the administration of the Province since 1981 is now making all sorts of tax grabs? Is that the way her Party would operate if they were to come to power, God forbid?

**Ms. McDonald:** Mr. Speaker, I am glad to have a chance to expand on my remarks. The Hon. Member for Selkirk—Interlake (Mr. Holtmann) expressed great horror about a Party such as the New Democratic Party coming to power federally. It seems I need to remind the Hon. Member, since he is not very aware of the fact, that our sister Parties in European countries have been in government for years—in fact, decades. They are in government in countries in the industrialized world where there are high levels of prosperity. These are advanced welfare states, countries with good educational systems and good medicare systems. These countries also happen to have astonishingly low rates of unemployment and great economic growth. They have been extremely successful. Sweden comes to my mind in this respect. Even during the recession Sweden managed to keep unemployment far below the rates we experienced without having a recession. Parties with policies such as my Party have formed Governments and have proven to be successful.

With respect to Manitoba the Hon. Member railed away about how miserable it is to be in Manitoba. Why has business investment increased in that Province? Why has it had the highest per capita business investment in the last few years when compared with other provinces? Evidently, investors think the climate is good. The low unemployment which exists in Manitoba is good for business. It means that there are

people with jobs, people with incomes who are buying things. Indeed, the Government of Manitoba has raised taxes. However, I note that taxes for lower income Manitobans, those earning \$11,000 and under, are actually being decreased because they are the people who are in the toughest straits. The Government recognized the need to increase taxes if it wanted to keep up its spending in the areas of social programs and economic investment.

There is a jobs strategy in Manitoba, an economic plan, into which the Province has continued to put money. As well as supporting social programs it has expanded programs in the areas of child care, women and medicare. The Province has not cut back in the area of social spending, something which the federal Government wants to do. Given the alternative of cutting back or raising taxes, the Government of Manitoba chose to raise them. I think it did so in a very fair way. The taxes of those who are better off have been raised while those who are not so well off have had their taxes decreased. The federal Government is increasing the taxes of lower income Canadians. Indirect taxes are regressive taxes. Sales tax falls on all people. Even the implementation of the tax credit, which is a good idea, does not make up for the fact that, proportionately, poor people pay higher taxes.

With respect to the idea that corporations cannot pay more, I remind the Hon. Member that there are 79,000 corporations in Canada which make a profit and which do not pay a dime in taxes. There is obviously money there to collect. Obviously companies such as that in other countries pay their taxes. We are letting them off the hook. We could use that money. The Auditor General estimates that \$30 billion to \$50 billion a year goes by without being taxed because of various loopholes and exemptions. That is an enormous amount of money. It is more money than is used in our universal social programs.

We have alternatives. It is possible to have spending priorities which are fair to people in terms of taxation and fair to people in terms of how the Government spends their money.

**Mr. Riis:** Mr. Speaker, I wish to respond to the comments of the Hon. Member for Selkirk—Interlake (Mr. Holtmann) who pointed out some of the contents of the recent Budget introduced in Manitoba. I wish to quote from an article which appeared in this morning's *The Globe and Mail* which states:

In his budget address to the provincial Legislature last night, Finance Minister Eugene Kostyra said the measures are designed to "bypass" the federal tax system, which he described as "riddled with deductions, exemptions, exclusions and loopholes."

My hon. friend from Selkirk—Interlake will know that Canada is the only country in the world which allows \$500,000 capital gains tax-free from any source possible, whether it be money made on the Hong Kong Stock Exchange or elsewhere. The article in the newspaper with respect to the Manitoba Minister of Finance goes on to state:

He complained that Ottawa's budgets since 1981 have increased taxes by \$695 for a family with an income of \$25,000, while reducing taxes by \$2,677 for a family earning \$150,000.