

Borrowing Authority Act

the country should go. The Government has every right to state it that way, and I think we in the Official Opposition have the obligation to raise our concerns about the direction in which the Government is going.

Let us look at the results of the last two Budgets. Canadians have been inundated with tax charges on an individual basis. It is not a very pretty picture. Not unlike the May Budget in which the Government introduced a borrowing authority Bill requesting \$18 billion, this time it is asking for an additional \$22.6 billion for the 1986-87 year. I see an unfair allocation of funds in the borrowing Bill induced by the Government's lack of policy direction and its buckling to the dictates of Bay Street and Wall Street which forecast for it the need to decrease the deficit.

In the Budget, the Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) claim that they can reduce the deficit below the \$30 billion level. However, it will be quite some time before we see what really happens. Canadians will have to wait until next October for proof that the deficit has been reduced even to the \$33.8 billion which the Minister of Finance forecast for the current fiscal year ending March 31. It is not until then that public accounts, which give the final deficit figure for the previous year, are available. Canadians will then have to wait another 12 months, bringing us to the fall of 1987, before they will learn whether or not the deficit really comes in below the \$30 billion mark. So far the public really has estimated forecasts of what the tax increases and spending cuts might bring about. I stress the word "might" because the end result which will be provided is not a definite one. We may be looking at a lot of wishful thinking. If it is brought in this way, all the better, but it should not be on the backs of poor people or those who are in need.

Federal forecasts are just suggestions. There is no sure thing, and we do not know what will intervene. For example, we do not know—and hopefully we will never have to live through it—whether there will be another bank fiasco out West, which would add an unexpected \$800 million or \$1.5 billion to our spending estimates, therefore requiring us to borrow more funds. I suggest that we should not count our chickens before the eggs are hatched.

The public has some sense of suspicion right now as to the ability of the Government to determine exactly where it is going. We must wait to see if the deficit will go below the \$30 billion mark. In the meantime, while politicians play "guess the deficit", average Canadians can only hope they are not too badly marred by political strategy as they attempt to pass "Go" and collect \$200 if their jobs are still available. At the same time, a limited number of corporate Canadians, those who have a better chance of passing "Go" and making money from their hotel property investments, receive a better tax break.

The 3 per cent corporate surtax will be applied on a lower tax base. For example, it drops from 36 per cent to 33 per cent in the next three years for certain levels of income or profits from corporations. The theory of corporate tax breaks is that profits will be reinvested and will create jobs. Will businesses

expand knowing full well that Canadians will not have the disposable dollars which they had before and will not run out to spend money on the purchase of their products? It is a good question, one which is causing all of us some concern.

When the Minister of Finance brought down his last Budget, he described it as the "most significant and far-reaching program of expenditure control over undertaken by a Government in Canada".

Mr. Turner (Ottawa-Carleton): Hear, hear!

Mrs. Finestone: That is fine, but let me indicate that it is significant. I would consider a Budget which taxes its way out of a deficit by attacking middle and low-income Canadians as significant and certainly something to note at election time. "Far-reaching" is another good adjective to describe the Budget since most of us will be reaching far into our pockets to accommodate the extended tax measures provided in the Budget. Of course, for a small fee, found in the form of increased interest rates, banks and loan companies will be happy to loosen money from our pocket-books for us and to ease our whitened knuckles.

It would be hard for Canadians not to understand from the Budget that the big bucks required to knock down the deficit and cut the Government's annual borrowing authority in half by 1990 will come from taxes on individuals. Again the middle class has been hit. Average people such as the ones in my riding of Mount Royal will not find life to be as smooth as it was before. Average Canadians will continue to be squeezed for more tax revenues. Ordinary Canadians who hoped that Government spending cuts would ease the burden of the national debt were disappointed when the Minister of Finance announced his method of deficit reduction by way of personal income tax increases from \$38 billion to \$44.7 billion in 1985-86, up to \$49.3 billion in 1986-87, and to a record high of \$54.8 billion in 1987-88. Most of us cannot even think of the number of zeros involved in those figures. Most of us deal in pennies, nickels and dimes; maybe in dollar bills. We are looking at an over-all 44 per cent personal income tax increase which has been incurred in the 18 months the Conservatives have been in power. It is the largest increase in personal taxes going as far back as we can go in history.

One of my concerns is about the way the Government has been attacking the 4.5 million people who live below the poverty line. There were measures in the last two Budgets which push our poor people right into the ground. Where is the balance which is supposed to be maintained between the rich and the poor? Personal taxes have been deindexed. Unemployment insurance for Canadians taking early retirement has been cut back. We have seen the distress, unhappiness and serious financial implications of some of these moves.

Some of us in the House met with the earlier retirees who were in Ottawa last week. Some of them were in their late forties and early fifties and still had major responsibilities in terms of raising their families. They took early retirement, anticipating that with the money they had paid into the unemployment insurance they would have an opportunity to go