

*Income Tax Act*

financial requirements. This is clear in the budget. Some will say that it is too gradual, that it should be tougher. Again it is a matter of balance. A tougher stand would require major tax increases during a recessionary period with much greater hardship on Canadians.

Those promoting the notion that great expenditure cuts are possible as an alternative to tax increases are simply fooling themselves, unless one would cut back on statutory programs to help those in greatest need, which is totally contrary to the commitment of the Prime Minister (Mr. Trudeau) to Canadian people. Indeed, that does not appear to be the case with regard to any opposition party since both call for major increases in such statutory expenditures. For example, the NDP calls for a cost of living tax credit to be included and a tax cut for low and middle-income Canadians. On the other hand, the Right Hon. Leader of the Opposition (Mr. Clark) has been even more aggressive. During the emergency debate, he called for the introduction of an energy tax credit, a shelter allowance, mortgage interest deductibility and an exemption for home heating fuels from the energy tax. With regard to the suggestions and the proposals of the right hon. gentleman, by using the figures in the December, 1979, and the October, 1980, budgets, I have calculated that these four policies would increase the deficit by \$2.5 billion in 1981-82, climbing to over \$5 billion in 1983-84. This is clearly inconsistent with deficit reduction and, indeed, with any notion of fiscal responsibility to which his party is supposedly committed.

The budget and this bill also set the stage for a redirection of fiscal priorities by placing heavy emphasis upon investment expenditure in the energy and economic development areas. Net expenditures in these areas will rise from \$6.9 billion in 1981-82 to over \$13 billion in 1983-84, making room for the new initiatives to be brought forward in the industrial and research development areas in coming months.

● (2020)

The government is also providing the foundations for an increase in productivity in Canada. A number of analyses have pointed to a number of causal factors in the decline of productivity: first, uncertainties which I have already mentioned brought on by inflation; second, the distortions in real rates of return, to which I alluded earlier, again caused by inflation; third, the lack of strong emphasis on savings and investment; fourth, legal-institutional setting which lessens the emphasis on competence and work effort; and, finally, reduced competition, paper burden, and the heavy burden of regulation.

This situation was correctly summarized in a statement by the U.S. Department of Commerce Advisory Committee on Industrial Innovation. It said:

It is necessary to recognize that the problems that confront today's economy are primarily problems of an inadequate or structurally constrained supply of investments or savings. This situation is different from the economic environment that has been the setting for most economic policy-making since the 1930s' depression, during which the primary concern has been a macroeconomic use of tax policy to increase consumption and limit savings in the economy.

The government's commitment to combat inflation and reduce the deficit, making more room for private investment growth, is clear, and is reinforced by budget measures to promote economic development, and more such measures will be forthcoming. The Prime Minister and the Minister of Finance (Mr. MacEachen) have both called for a shift in priorities which will result in greater saving; the Minister of Consumer and Corporate Affairs (Mr. Ouellet) has committed to bring in competition legislation; initiatives have been in place for some time to reduce paper burden on business; and new initiatives resulting from the regulatory studies done by the Economic Council and the parliamentary task force will be considered in the near future.

I believe these measures do indicate a commitment by the government to address the root causes of our economic malaise. The approach is a balanced one which promises to get us back on track in Canada without creating massive dislocations and hardships in the process.

Bill C-54 is one key element in that process of getting us back on track, implementing a solid and sound economic policy, and I urge all members in this House to give their full support to the bill. Thank you.

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

**Mr. Don Blenkarn (Mississauga South):** Mr. Speaker, the parliamentary secretary who has just spoken gave an excellent speech prepared in respect of the borrowing portions of this bill. Unfortunately the borrowing portions of the bill were struck out by the Chair earlier today. If we ever heard an irrelevant speech, we heard one today. I am surprised that this Parliamentary Secretary to the Minister of Finance (Mr. Evans), with these very important amendments to the Income Tax Act, would not on second reading have led us through the details of this rather complicated measure so that when we reach Committee of the Whole the parliamentary secretary—

**Mr. Evans:** On a point of order, Mr. Speaker. I should like to inform the hon. member that I, the Minister of Finance (Mr. MacEachen), and the Minister of State for Finance (Mr. Bussières) will certainly take him point by point through the bill during Committee of the Whole.

**Mr. Deputy Speaker:** Order. That is not a point of order.

**Mr. Blenkarn:** Thank you, sir, for interrupting the parliamentary secretary. He clearly has had a difficult time understanding this bill. He read well and he managed one question concerning the savings concept when he was talking about macroeconomics; when talking about how this bill was important in respect of MURBs. Unfortunately, he did not understand MURBs. The whole concept of MURBs was developed in 1974 by regulation 1105B of the Income Tax Act. That regulation expired on December 31, 1979. New regulations in connection with MURBs were introduced by this government. I do not have the new regulation number, but this has been done by regulation and it has absolutely nothing to do with this bill. Yet, the parliamentary secretary who is supposed to