

The Budget—Mr. Hockin

lend him some money from his allowance for next week. The Minister of Finance has effectively brought \$1.2 billion from 1988-89 back into 1987-88 simply to get his budget deficit under \$30 billion.

Would the Minister not agree that the analogy is very apt indeed? On the Minister's advice the little girl who ran out of her \$3 and needed more should have gone to her father and asked for \$3 paid in advance from the next week's receipts. That is one approach. Also, would he not agree with me that this manipulation of cash flow does not do one thing to improve the fiscal position of the Government other than to put in the window a deficit number which is under \$30 billion in hopes, perhaps, of fooling those who are ignorant of the manipulation which in fact is taking place?

Mr. Hockin: Mr. Speaker, the analogy which the Hon. Member is trying to make to the comic strip story which I told does not work. The analogy is really that if the little girl was selling lemonade she should try to collect the receipts at least twice a month rather than once a month. That is what we are bringing in. We are bringing in a policy which allows better cash management. Cash management is needed in a household and also in the Government. As a matter of fact, in the United States this is done much more quickly than we do it here in Canada.

We are putting in place a system which is natural for an industrialized country. This twice monthly payment will only affect 35,000 to 40,000 businesses of the one million businesses which exist in this country. It will apply to the larger ones. They have the computer facilities to accomplish that quite easily. I believe this is an important cash management initiative. The Government of Canada has brought forward others, by the way, in response to the Nielsen Task Force and other studies and consultations. Proper cash management is something about which the previous Government did nothing. Many payments were tardy and there were prepayments of government obligations that did not make any sense. We have addressed that, and this is a prime example. If my daughter was selling lemonade, I would tell her try to collect the proceeds at least twice a month rather than once a month.

● (1650)

Mr. Johnston: Mr. Speaker, that is a very facile response to a serious question. Did the Nielsen Task Force Report recommend that there be an acceleration of employee withholdings so that, in other words, employees should be obliged to remit twice a month? If the Minister wants to carry his argument to its logical conclusion, surely there should be a remittance not twice a month but perhaps four times a month or even every day.

The fact is that it has been established in the law that it is quite appropriate that the remissions take place historically 14 days after the end of the month.

Furthermore, the Hon. Member's argument completely breaks down when we consider that in the year 1988-89 there is no better cash management because in the month of April

that year the Government will only receive \$1.2 billion from the previous March and, in the following April, it will only receive \$1.2 billion, making exactly the \$4.2 billion it would have received in April had it left the matter alone. That argument is ridiculous and the hon. gentleman for whom I have a great deal of respect does not present a worthy argument to defend the indefensible.

Mr. Hockin: Mr. Speaker, we are not denying that after the \$1.2 million it is a one-time budgetary revenue increase. The Hon. Member forgets that by hastening these payments at the provincial as well as the federal level, the whole time period is being moved up 15 days. That leads to a significant interest rate saving that will continue in the future. Simply because the figure is not \$1.2 billion every year does not mean this acceleration should not be done. While I do not have the figure, it is substantial. The Government should take action to bring in more revenue if it can find ways to do so without increasing taxes.

Mr. Langdon: Mr. Speaker, it is interesting to see the transition of the Member from the Chairman of the Joint Parliamentary Committee of which I was a part into a Cabinet Minister which tends to lead to inaccuracies and overstatements of fact. I believe the Chairman of the Committee might have been more scathing about that in cross-examining witnesses.

Let me deal specifically with the comments that were made with respect to the Hon. Member for Ottawa Centre (Mr. Cassidy) and his suggestion that the \$500,000 capital gains tax exemption was a worthy candidate for elimination in the Budget. First, while it may have been unconscious, the Minister has distorted the position that was taken by this Party which exempts those small farmers and small businessmen to whom he referred from any such change. We are talking about a change in a system which not only encourages, through tax exemption, speculative investment by large companies, but speculative investment by people entirely outside the country. That is surely a worthy target for immediate change.

If the Minister is so certain that this introduction of the \$500,000 capital gains tax exemption has brought vast increases in investment to this country, why do the *Budget Papers* themselves for the year in which this was first introduced, 1986, state at page 8: "In fact, business, non-residential investment decreased in Canada by 1.2 per cent"?

I note that the increase for next year is a measly 1.5 per cent, and anyone who has studied some economics, as I know the Minister has, will recognize that those are most devastating figures for investment in this country and, in fact, account for a good deal of the difficult economic growth prospects which we see ahead of us.

Mr. Hockin: Mr. Speaker, the Hon. Member and I come from a very fortunate part of Canada where unemployment is low and industrial production is at historic high levels. I can forgive the Hon. Member for overlooking the answer to his last