

Borrowing Authority

government. These 500,000 people who should be working and paying taxes are not working; they are not paying taxes and they are not buying goods to the extent that they would if they were working. They are not in any position to buy homes, refrigerators, stoves, television sets or any of the basic items, the manufacture of which provides jobs. Not only are they not working and not paying taxes but many are collecting unemployment insurance benefits. The federal treasury is subsidizing the unemployment insurance plan by about \$4 billion per year.

These are some of the reasons for the kind of deficits we have today. We must ask if we need to have that many people unemployed. I do not believe that it is necessary. We must also ask if we have met all the needs of the Canadian people. Not only have we not met the needs of the ordinary citizen, we have not met the needs of the country. We should be able to sell the goods we produce but we find that we cannot even move the grain that the western farmers produce. This is not my area of expertise, but the last figure I saw showed that we could have sold another \$1 billion worth of grain per year if we had been able to move it.

Mr. Pepin: That is your fault.

Mr. Orlikow: The minister says that is my fault. There is one thing a Liberal minister will never admit and that is that anything wrong with the country is his fault. I would remind the minister that this country has had Liberal government for—

An hon. Member: Too long.

Mr. Orlikow: An hon. member says for too long. We have had Liberal governments for about 54 of the last 60 years, so when the Minister of Transport (Mr. Pepin) says it is my fault that we cannot move the grain I am sure he says it with tongue in cheek.

We need to upgrade the whole railway system, the rail lines and rolling stock. We should be planning to electrify the transportation system but according to the Liberal and Conservative philosophy, we cannot afford to do that. We cannot afford anything.

● (2130)

We need to modernize our automobile industry. The hon. member for Hamilton Mountain (Mr. Deans) dealt with this question last night. Our automobile industry is in a state of chaos. The auto pact is a complete failure. The multinational automobile companies are making plans to rationalize the industry. Those plans leave very little for this country. Canadian auto workers face a very dim prospect if they have to depend on the decisions made up until now by this Liberal government.

We need an industrial strategy. We need to look at those fields in which we have obvious natural advantages. We have tremendous natural resources. We have coal, oil and gas. Where is the drilling equipment and the mine machinery produced? It is not produced in Canada, it is imported into Canada.

Mr. Pepin: Don't exaggerate that much. That is wrong.

Mr. Orlikow: These are the facts. We say that the large part of the deficit money that we are being asked to approve in this bill is required due to faulty economic strategy and the mistaken philosophy of this Liberal government aided and abetted—although they huff and they puff—by our Conservative friends on the other side.

Some hon. Members: Oh, oh!

Mr. Orlikow: I suggest that the deficit would be substantially less if we had a tax system which was equitable and fair. Let me illustrate what I mean by that. There was a time not many years ago when federal expenditures were met in a way in which personal income tax and corporation taxes paid about the same percentage of the federal government's expenditures. Those days are long gone. Today personal income tax contributes a very large percentage more to meet the expenditures of the Government of Canada than does corporation tax. That is true because ever since 1945 Liberal and Conservative governments have so changed the tax system that corporations are paying less and less of the cost of providing services required by the people of Canada. How did that happen? It happened in the following ways. Depreciation and write-offs far in excess of actual depreciation have been accorded to Canadian corporations, resulting in several billion dollars of deferred corporation taxes which will never be collected.

We are permitting the corporations in this country to use money, which they would have paid in taxes, to expand their productive facilities, to increase their business and to make larger profits. They are doing that with what are, in effect, interest-free loans. I suggest to members on both sides of the House, Liberals and Conservatives, that there is not one ordinary Canadian citizen wanting to buy a house or to meet any of his or her expenses who would not be delighted to get the kind of break we give to the corporations in this country, namely, an interest-free loan. I have the strange idea that the ordinary citizen who wants to buy a modest home in my constituency is at least entitled to as generous treatment by the Government of Canada as are the large corporations.

Tax benefits to resource and other companies have been such that our largest companies are paying tax at a substantially lower rate than the tens of thousands of small businessmen who employ most Canadians. Let me refer to an article which appeared in the *Ottawa Citizen* of August 23, 1980. It is entitled "Income tax system is riddled with Liberal holes for oilmen". I shall quote just a few paragraphs from that story. In referring to a study, we read:

They show that federal tax concessions are so big that the government's share of oil and natural gas income fell in 1979 amid a 54 per cent increase in industry profits and a 17 per cent gain in provincial royalty earnings.

The article goes on as follows:

—compared to 1978, "current income taxes paid were almost unchanged (in 1979) at \$1 billion, reflecting largely a greater use of the investment incentives available".