

Excise Tax Act

business. Measures such as training programs were introduced, as was the capital gains tax exemption measure, which is a measure members of the Opposition deride. However, all of those measures, along with the two accords, were aimed at creating jobs. Frankly, that is what they have been doing. We have seen evidence of that over the last year. We can see it in the statistics which come out each month. We see that there are more and more jobs which have been created. We know that that is something in the order of 304,000 new jobs which have been created in the last year since September 4.

At the same time as trying to deal with the unemployment problem, the Budget was also aimed at trying to deal with the problem of the deficit. Hon. Members know as well as I that this year we will have an annual deficit of something in the order of \$35 billion. Canada has an accumulated deficit of something in the order of \$200 billion—an enormous amount of money. This year, 1985, the Government has tried to restrain its own expenditures as much as it possibly can. However, it started off with a \$100 billion deficit left by the former Government. Against that amount there was only approximately \$65 billion coming in as revenues from all sources, so there was a deficit of something in the order of \$35 billion in the last year of the former Government. We are continuing on with a similar situation this year, in spite of the restraints in expenditures, and because certain measures are indexed and must increase, such as Old Age Security payments and the guaranteed income supplement. Those programs are indexed to the rate of inflation and have to increase whether the Government wants to increase them or not. Thus, Government expenditures continue to climb.

The measures contained in the Bill which is before us will assist to keep the deficit situation somewhat under control. They will not solve the problem. No one suggests we will eliminate the deficit altogether; but these moves will help to retard the growth in the deficit. In fact, if we add all these increased revenues up, that is, the increase in the sales tax base and the sales tax itself, the increase with respect to the gasoline tax and the taxes on alcohol and tobacco, there will be something in the order of \$2.5 billion in extra revenues in 1986. That amount should grow to approximately \$3 billion in 1987. That remains just a small part of the \$35 billion annual deficit.

No one wants to pay extra taxes and everyone would be very happy not to have to do it. However, Canadians are realistic. They realize that if they earn \$70 a week they cannot go out and spend \$105 a week, unless they go and borrow the difference. If they go and borrow the money then they will have to pay interest so that next week their expenditures will have to increase. There is no way around the situation, whether the Opposition wants to face the facts or not. If they do not face the facts then they are not facing the facts of life in this country. The people of Canada face those facts. They know and understand those sorts of problems.

Members of the Opposition have referred to three or four concerns which they have. They feel that there are great problems with the Budget and with this Bill. For one thing

they have said that they feel the whole tax system is inequitable and that this Bill adds to that inequity. As I have said, that is only one part of the Budget. There are other parts which help to make the whole tax system a lot more equitable. There is the minimum tax which is about to be introduced shortly. There is to be a surtax on large income earners. People who earn more than \$40,000 a year will have to pay a surtax this year and for several years into the future. The same applies to large corporations. There is a surtax on large corporations. There is a surtax on banks. We are eliminating various tax shelters with respect to yachts, recreation vehicles and hotels. We are also eliminating income splitting. All of this will help to make the tax system more fair. Certainly, the Budget deals with those concerns.

There was another concern expressed by the Opposition having to do with the dampening effects on the economy which this Bill would have. That, too, is not correct, and we have heard that from the Opposition before. We heard it after the November 8 economic statement. We heard the Opposition say that these moves would eliminate 50,000 jobs in the country. After the Budget was tabled we heard the Opposition saying it would eliminate thousands and thousands of jobs. What has happened? From September 4 of last year until now there has been a growth in jobs to the tune of 304,000.

Some Hon. Members: Hear, hear!

Mr. Redway: In addition to that, interest rates have fallen by 3 per cent.

Some Hon. Members: Hear, hear!

Mr. Redway: The Gross National Product has increased by 4.19 per cent.

Some Hon. Members: Hear, hear!

Mr. Redway: All of this in spite of the gloom and doom which is being preached by the Opposition, something which they have preached since the first day this session of Parliament convened last November. These results indicate that the Budget as a total package is on the right track. It will reduce unemployment and help to get the deficit under control.

My friends in the Opposition have also referred to the question of the money being spent to rescue the banks. They have expressed grave concerns about money being spent to rescue these banks. It is certainly true that some of that money will go to corporations and other banks. However, a great deal of it will go to pension funds and credit unions. There are thousands of people in the country who are dependent upon those pension funds for their pensions and there are thousands more who depend upon their savings which they have deposited in credit unions. The credit unions and pension funds do not have the option of sheltering themselves under a \$60,000 insurance limit. They have millions of dollars to invest and they have to place it somewhere. Obviously, that amount will be over the \$60,000 limit. The people who have their money in those funds do not have any control over where the money is placed. However, they will certainly be affected if they lose