

*Income Tax Act*

**Mr. Dupras:** Mr. Speaker, through you, I should like to say to the Leader of the Opposition that in his excellent speech, the Minister of Industry, Trade and Commerce deals with Alberta and the benefits it derives from the budget.

● (1542)

[English]

**Mr. Bill Clarke (Vancouver Quadra):** Mr. Speaker, as I rise to participate in the debate on Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, I am struck by the inept method that is being used by the government to solve Canada's economic problems. The bill, of course, flows from what we now call the unwanted budget. The Minister Finance (Mr. Chrétien) was forced to bring in a budget. He did not want a budget. This budget was brought down less than 20 days after the Minister of Finance said that it would not be useful to have one and that it would be wise to wait. Canadians had five days' notice before the budget was introduced. Domestic and foreign pressures forced the Minister of Finance to reverse his position on presenting a budget. In Canada he was faced with a growing public outcry as more and more Canadians realized that the economic policies of this government had failed. Even though the minister wanted to take more time to study the effect of his October economic measures; trends of unemployment, inflation, and real estate sales clearly showed that they had failed. The budget was delayed until the minister understood what most people had realized long ago. In foreign countries he was faced with vanishing investor confidence. The value of the Canadian dollar was declining rapidly, and even with the Trudeau government's efforts made after denials of intervention, the government was incapable of stopping it.

This reluctance to present a budget is understandable. The presentation of such a budget requires the government to reveal its forecasts for economic performance in the current year and to exhibit the government's spending and revenue cuts to public scrutiny. The Minister of Finance did not wish to admit that the forecasts made in the economic statement of October were proved wrong only six months after they were made. He did not want to reveal a serious error in the forecasting of the size of the budgetary deficit. The Minister of Finance did not wish to present a budget because a budget would have shown that the economic policies of the government had failed, and that is what the budget has shown.

Let us discuss the sales tax reductions which are included in this bill. At best, they can be seen as stop-gap measures. As the government has admitted, they will last for only six or nine months. The effect of these sales tax reductions will be to reduce consumer prices by 1 per cent, and that is a welcome development, but the increase in consumer prices between February and March alone was over 1 per cent. Thus, the benefit of the sales tax reduction will be swept away quickly by continuing high inflation.

In most provinces the sales tax cut will end in either six or nine months. Prices will then jump up the 1 per cent that is now being shaved off. So as I say, it is a temporary and

[Mr. Dupras.]

stop-gap measure. The effect on inflation will be limited to the six or nine months, depending upon which province we are talking about. Even with the cut, inflation for the year is still going to average at least 7 per cent. Price levels have already surpassed the target for the end of the controls program in October of this year. In the 36 month attack on inflation, consumer prices were predicted to rise by a total of 19 per cent. Already, after 30 months of controls, consumer prices are more than 20 per cent higher, and there is still half a year of price increases to come. Even so, the rate of 19 per cent as predicted is not an acceptable rate.

No country with an economy like that of Canada can go along with a rate averaging even 6 per cent per annum over a lengthy period of time. The experience in the United States has shown—and the government there is very much aware—that the rate there, which is much lower than ours and which is presently at the 6 per cent level, is still too high, and the United States is taking measures to reduce that rate drastically.

I suppose we should not be surprised to see some stop-gap measures coming from the government opposite. I think these measures are very much like the Local Initiatives Program, Opportunities for Youth programs, Canada Works and others which have been shown to be stop-gap measures and which did nothing for long-term employment or long-term economic improvement. Even in the housing industry, which is supposed to be the bellwether of the economy, we find government gimmickry with such programs as the Assisted Home Ownership Program, which simply puts government-financed houses in competition with apartment buildings financed through the Central Mortgage and Housing Corporation.

In many rural areas people are simply moving out of apartments and into AHOP homes, and when the government starts to take action on its mortgages, they move on with no equity and no stability for themselves or for their communities. Also in the housing field we have gimmickry like the assisted rental program, which has encouraged private investors to buy or build rental housing on the basis that they can rent it at lower than economic rents knowing that the government will give them the cash necessary to operate the units, albeit that that cash advance is added on as a mortgage and there is a charge against the title. All the program does is defer the date the owner of a property has to repay the money, and unless inflation continues in Canada at its present rate, those investors are destined for bankruptcy. Any program of the government that is predicated on continuing inflation at high levels has to be considered to be gimmickry.

Unlike the measures I have been speaking about, the sales tax gimmick I mentioned earlier is a huge intrusion into provincial jurisdictions. It is a move to set Canadian against Canadian. I ask hon. members to compare the treatment of the residents of Alberta with the treatment of the residents of British Columbia, and the treatment of residents of British Columbia with the treatment of residents of Quebec. I ask hon. members to compare the attitude of the government of Quebec with that of the federal government. This measure was