

*Borrowing Authority Act*

**Hon. Ray Hnatyshyn (President of the Privy Council):** Mr. Speaker, we on the Government side have great interest in the issue raised by the Hon. Member for Hamilton Mountain (Mr. Deans). I think he would expect me to consult him in advance of such a motion asking for unanimous consent, as well as consulting with the House Leader of the Official Opposition. Under the circumstances, I think that would be the more appropriate way to proceed prior to giving unanimous consent. Accordingly, I am not in a position to do that since I have not had a chance to discuss the matter with the Hon. Member.

## GOVERNMENT ORDERS

[English]

### BORROWING AUTHORITY ACT, 1986-87

#### MEASURE TO ENACT

The House resumed from Thursday, March 13, consideration of the motion of Mrs. McDougall that Bill C-99, an Act to provide borrowing authority, be read the second time and referred to a legislative committee.

**Hon. Herb Gray (Windsor West):** Mr. Speaker, the Bill before us asks Parliament to authorize the borrowing by the Government of \$22.6 billion. I wish to ask the House the following question. How can we of the Official Opposition, or Members generally, support this Bill when its purpose is to enable the Government to borrow money in order to have the Government carry out its budgetary and general economic policies?

As the months go by what is wrong with these policies is becoming increasingly and painfully obvious. During the last general election campaign the Conservatives made a number of promises to win the support of Canadians. I would say that the Economic Statement of last November, 1984, and the two Budgets of this Government, have not in any positive way reflected the types of promises the Conservatives made in order to win the support of Canadians. For example, during the last election campaign the present Minister of Finance (Mr. Wilson) made an explicit commitment not to increase income taxes. The present Prime Minister (Mr. Mulroney) pledged to reform the personal income tax system. He said that he wanted to make it "more fair, more progressive and more productive". However, it is clear that, in spite of these promises by the Minister of Finance and by the Prime Minister, middle and lower-income Canadians have become the victims of the most unfair, regressive and economically stifling tax increases on record, brought about by the Budget of last May and the Budget of last February presented to the House by this Conservative Government.

• (1120)

The Leader of the Opposition (Mr. Turner) spoke very forcefully in the House of Commons debate on the Budget a few days ago. In that debate, he said:

We will take this Budget as the second phase of the Budget last May. Phase one was the Budget of last May and phase two is the Budget of February. Together these two Budgets constitute the greatest, cumulative, hidden, regressive tax increase in Canadian history. They attack the average Canadian family earning between \$15,000 and \$40,000 in a brutal fashion.

We have reached the stage . . . where the person between 35 and 55 years old finds himself or herself in a position, with the added burden of tax slapped upon him or her, that it is . . . impossible to maintain a standard of living because the cash flow available to the average Canadian has been absolutely crippled.

This is confirmed as each individual Canadian looks at his or her pay cheque each week.

An indication of the growing concern of middle and lower income Canadians is the fact that just one request by the business editor of *The Toronto Sun*, a paper which is generally supportive of the Conservative Government, has in the course of only 10 days brought into that newspaper some 15,000 coupons protesting vigorously the unfair increase in the burden on middle and lower income Canadians caused by the Budgets of this Conservative Government.

After only one request by a newspaper which is supposed to be a supporter of the Progressive Conservative Government, 15,000 coupons from individual Canadians were sent to the newspaper.

Any objective measure of the impact of these two Conservative Budgets on middle and lower income Canadians shows the undeniable reality of their unfairness and injustice. The tax burden is not equally distributed. Over the next three years, according to the Budget figures of the Minister of Finance, the federal Government will impose an additional \$12.5 million in personal income taxes, and corporate taxes will increase by only \$1 million. Over the next four years, a family of four living below the poverty line on an income of only \$15,000 per year will suffer a 23 per cent tax increase, while a family of four with an income of \$35,000 will suffer a 13 per cent tax increase. Yet a family of the same size earning \$200,000 will suffer only a 1 per cent tax increase. This is not fair.

The \$500,000 unconditional lifetime capital gains tax exemption provided by the May, 1985 Budget is still in place and middle and lower income Canadians are still hurting. That hurt is going to increase as the measures proposed by the Budget of February click into place and show up over and over again in the pay cheques of middle and lower income Canadians. The Leader of the Opposition provided a clear example of this continuing inequity when he said in the House the following:

An individual with an income of \$40,000, based on a salary of \$35,000, plus \$4,000 in dividends, plus interest of \$1,000 faces a tax increase from 1986 to 1987 to 9.4 per cent. An individual with an income of \$150,000 . . . based on a salary of \$100,000, \$15,000 in dividends, \$5,000 in interest and \$30,000 in capital gains, in the same period has an overall tax decrease of 1.4 per cent.

Again, this is not fair.

Since the Conservative Government has been in power, the federal sales tax has increased from 9 per cent to 12 per cent.