

Borrowing Authority Act

investment and opportunity for Canadians cannot be a government that is honest with its people and it cannot be a government that is fair with its people. When they see people lined up in unemployment offices—

Mr. Riis: In soup kitchens.

Mr. Blenkarn: My friend says soup kitchens. And he says keep out foreign investment.

Mr. Riis: Right.

Mr. Blenkarn: That is how the hon. member wants to put people to work. We have a National Energy Program designed to discourage people from exploring and developing the country, that deliberately treats one investor and one explorer different from another with PIP grants and all sorts of other gimmicks that try to direct where a driller should drill, where an explorer should explore or where a producer should create, all of which will come from an ivory tower over at Dow's Lake.

We have a budget before us for which not one single amendment to the Income Tax Act has been presented, yet that budget was produced back in November. Even according to the Minister of Finance in the committee hearings on this bill the budget has been declared inappropriate, yet we proceed with the borrowing requirement set out in that budget. We wonder why people are discouraged when they do not know where they stand with their deferred profit-sharing plans, with their life insurance, with capital cost allowances, in terms of corporate tax, with respect to mergers, with respect to expanding their business and with respect to putting money into subsidiaries in foreign countries. People do not know where they stand. They ask their accountants. They do not know. This government does not know. Yet this government has the insufferable gall to come before this House of Commons and say: "In our budget we need \$6.6 billion; therefore, give it to us." That is insufferable.

The government wonders why people are unemployed. It wonders why businesses go broke. Yesterday I was not here because I was in my constituency office. Three people came to my office who were involved in businesses in Mississauga. They were telling me of the problems their companies were facing.

● (1730)

In my city there is a company which manufactures grinding machinery for the mining industry. Where is that company headed? I can tell the House that it is the only totally Canadian-owned company involved in the manufacture of heavy mining and grinding machinery for the mining industry. It conducts business all over the world, but it will probably be bankrupt by the end of August.

How did we get into this situation? It is due to a credit society which had been established when the government took power in 1968. At that time it changed tax laws which allowed for the expansion of credit to the point where business and industries today are in a terrible credit position. A wide variety of businesses have outstanding floating demand loans which

they cannot pay off at the current interest costs, which have been brought about by the mismanagement of this country. Since the government took power it became fashionable to borrow rather than to float stock equity issues because the government inflated the money supply so that lenders did not get quite the inflation rate. Consequently, it became profitable to borrow. Many corporate entities are up to their ears in debt. Indeed, Premier Lougheed, when speaking in Toronto, said that approximately 38 per cent of the cash flow of businesses in his province went to pay interest. Mr. Mulholland said at the bank committee hearing that in the last quarter of 1981, 65.7 per cent of before-tax profit income of companies went to pay interest. This applies to companies which have over \$10 million in assets.

What will we do about this situation? The answer clearly is that there must be a change made to our tax system to encourage equity investment, risk investment and entrepreneurship. However, that is exactly what the November, 1981, budget and the October, 1980, budget discouraged.

I have already talked about government deficits, but as these deficits grow it can be seen where we will head. My colleague, the hon. member for Etobicoke Centre (Mr. Wilson) suggested where we are heading. The hon. member for Kamloops-Shuswap (Mr. Riis) indicated where he could see us heading.

It does not take much imagination to realize what is happening when we see manufacturing industries in this country operating at 75 per cent of their capacity in the last quarter of 1981. It becomes evident when you go back to your riding that the statistics of the last quarter of 1981 are ancient history because these industries are probably operating at an average of 62 per cent of capacity at the most. As a Member of Parliament you must realize that the corporate taxes being paid will not be \$15 billion as shown in the budget but probably around \$9 billion. You must know that on corporate tax alone, the government will come up short by at least \$6 billion. If hon. members have studied the unemployment statistics they must realize where we are headed with the Unemployment Insurance Act when payments are paid to 1.250 million Canadians certified as unemployed or 1.8 million in real unemployment, as indicated by my hon. friend. Where are we headed with the welfare or social assistance payments which have been necessitated by the current depression in our economy?

The government has promised to give a statement by the end of the month. Why would they not produce a statement before the introduction of this bill? The government introduces the bill and then tells us it will produce a statement after the House gives it the authority to borrow money. Are we to carry on with the current philosophies which have led us into this dilemma?

Bruce Hutchison, who is certainly not a Conservative, said something in an editorial in the *Vancouver Sun* on May 22 about the philosophies of the political parties. In that article he said that, "In the popular cliché there is no real difference between the government and the opposition. That is untrue. A