

*The Budget*

identified in a report by the Department of Finance dated January 1994.

To his credit, the Minister of Finance closed a couple of loopholes but the tax system remains unprogressive as a result of nine years of Conservative government, Conservative budget making.

It is time for a thorough review of our tax system as it stands now. This review is made even more urgent and necessary and relevant by the fact that the social envelope as announced in the budget is being reduced by \$7 billion. Had more tax loopholes been closed, had the tax system been put under the microscope to the same extent that the social security system has been, it would have not been necessary to reduce the social envelope. We would have funds available to diminish the necessity of cutting expenditures. We would have funds for the creation of employment programs for youth desperately waiting for job opportunities which are now not materializing despite our vigorous economic growth.

In other words, closing tax loopholes would provide the government with badly needed revenues to combat unemployment and to apply less severe cuts. Time does not permit to comment on the many cuts and I will therefore comment only on a couple which are particularly painful.

• (1710)

One reduces the social housing budget by \$270 million at a time when in Toronto alone an applicant has to wait over four years.

Why reduce the protection of our natural resources by one third, the estimates of the environment department, and allocate to the department of defence almost 20 times as much, \$9 billion? What is more important?

Why reduce international aid at a time when health and development projects are so badly needed for the stability of nations most in need?

How can we implement our red book commitment to sustainable development with a 70 per cent cut in the federal allocation to the Canadian environment industry, while leaving the nuclear industry unscathed from any budget cuts?

How can we maintain and strengthen the Canadian identity when the budget of the Canada Council is cut in half? How can we promote and sustain artistic talents without the support of the federal government?

In a way it is too late to talk about the budget, but not too soon to talk about the next one. For 1996 we will keep on working so the budget will have a different orientation, an orientation to the promises made in the red book, an orientation to deal with unemployment, the protection of the weaker in society and the social needs of Canadians.

Over the years Canadians have turned to the Liberals at election time because they trust us as the party that knows how to strengthen and intertwine social and economic policies. This principle is as valid today as it will be 20, 40 or 60 years from now. Hopefully the budget will have the desired effect and we Liberals will be able to turn our attention to the other half of the equation, developing strong social and job creation initiatives and policies in the second half of our mandate for the benefit of the total Canadian society.

**Mr. Ed Harper (Simcoe Centre, Ref.):** Mr. Speaker, I wish I could say at the beginning that it is pleasure for me to speak on the budget. I cannot do that. My feeling is one of great disappointment. The government is still not facing the reality or the severity of the problem Canada is in today.

The budget has given us minor cuts when major cuts are needed. It did include some hidden taxes where no tax increases were justified.

We owe a debt of thanks to the thousands of citizens who wrote in and attended tax alerts to send the very strong message to the government that there was no room for tax increases and that the books had to be balanced and that balance had to be brought about by cuts or reductions in spending with no new or increased taxes. We did achieve that to some degree. However, there were some hidden taxes in the budget.

This was a two stage budget. I will review the first budget and this budget. In the first budget it was interesting that the government said: "Canada has a problem. It is not too serious. Do not get too excited about it. Take an aspirin and when you get up in the morning you will feel fine. Do not feel bad. Be happy". It introduced a budget that actually aggravated Canada's condition because our debt over the year of that budget grew from \$490 billion to \$550 billion. Canada is in much more serious difficulty.

We even thought in that first budget we could buy our way to prosperity. It included the \$6 billion infrastructure program.

Canada's problem has worsened. With the second budget the diagnosis is that Canada is gravely ill. We do have a very serious problem with the deficit and the debt and it must be attacked. However, the cure is \$650 billion of debt, still overspending by \$25 billion and \$50 billion in interest payments. I hardly call this progress. I hardly call this a cure. Canada is going further and further into the hole.

• (1715)

The government has diagnosed that it understands the gravity of the situation. The government has moved over to our position. It has agreed that Canada is gravely ill. The only thing we disagree on now is the treatment to cure our problem. The deficit, if we agree, is life threatening. Then why if it is life threatening to our country would we vote for, or go for a slow,