

*Government Orders*

to amend those provisions will weaken and undermine the scope of that mandate.

In his ruling of May 31, 1990—a very recent ruling—on the amendment concerning indexation, the Speaker of the Senate, your colleague, Madam Speaker, says in fact that the Senate may amend a tax bill as long as the amendment does not increase the amount or the scope of a charge.

Nevertheless, I maintain that even if the Senate has the power to propose amendments to tax bills, it would be more in keeping with the spirit of sections 53 and 54 of the Constitution Act, 1867, our basic statute, if the Senate refrained from exercising that power. The Senate may draw attention to aspects it feels could be improved—in that case the government has the option of either ignoring or acting upon the recommendations by tabling amending legislation—but the fact that it should demand the power to make its own amendments constitutes a serious transgression of the government's financial prerogatives.

[*English*]

Turning now to the substance of the amendments proposed by the Senate, Bill C-28 implements the changes to the Income Tax Act announced in the April 1989 budget by the Minister of Finance. The major goal of that budget was to reduce the deficit. Accordingly the measures in this bill must be viewed in the context of that goal and the fact that in introducing the budget the Minister of Finance emphasized the need to bring Canada's large and growing debt under control. This is the environment in which this bill was introduced. Bill C-28 is indeed a major contributor in this regard.

I would like to stress that controlling the growth of the debt is not some abstract crusade that has no real meaning for ordinary Canadians. Rather, it is essential if we as a nation are to be able to maintain social programs, achieve lasting economic growth, create jobs, and remain internationally competitive.

Let me remind hon. members of the serious problem our large and growing public debt represents. Only 20 years ago there was no deficit. Only 12 cents of every dollar in taxes went on interest payments. The total accumulated public debt was \$18 billion. By the time this government came to power in 1984 this debt had risen to \$200 billion. The annual deficit was \$38 billion, and 32

cents of every dollar of taxpayers' money went to pay interest on the debt. We could not start to pay back the debt because we had a current account deficit as well; that is to pay our current accounts we needed to borrow an additional \$16 billion.

• (1620)

It has taken us some years and we have achieved our objective of turning around by \$25 billion the spending of the government, and now we have a surplus in the current account that we can apply to the debt.

**Mr. Milliken:** That is rubbish.

**Mr. Loiselle:** You don't like facts. There is a \$25 billion turnaround from a current account deficit of \$16 billion. Of course the hon. gentleman does not understand these things. That is why his party put us in the position we are in today.

When we came to power the current account deficit apart from the debt was \$16 billion. We could not start paying back the debt. We had to make up this deficit. We now have a surplus of \$10 billion, and now we can start repaying and catching up. We can see the light at the end of the tunnel.

[*Translation*]

Obviously, Madam Speaker, the deficit situation could not endure. Having decided to put an end to it, the government was forced to make difficult decisions concerning expenditures and taxes. Some programs have been cancelled. Waste and inefficiency have been curtailed. Tax loopholes—a considerable number of loopholes indeed—have been eliminated.

These measures enabled us to make a sizable dent in the deficit, but it is not enough. Bill C-28 is a major lever of our deficit-reducing efforts, implementing as it does a number of changes to tax regulations governing individuals and corporations. However, public attention has been focused sharply on the recovery of social transfer payments, specifically family allowances and old age benefits.

I want to indicate that this measure is fully consistent with the role of the personal income tax system with respect to ensuring that government assistance be properly allocated. Family allowances and old age benefits are already taxable, and their recovery does nothing more than extend current practices.