

*The Budget—Mr. de Jong*

**Mr. Simon de Jong (Regina East):** Mr. Speaker, I also wish to participate in the debate this afternoon on the Budget presented to us by the Minister of Finance (Mr. Wilson). This Budget, like last year's Budget, and the Budgets which came from previous Liberal Governments, all have a common goal and strategy. That strategy was so ably described by the Canadian Conference of Catholic Bishops in their historic statement "Ethical Reflections on the Economic Crisis", published in 1983. The big problem in 1983 was inflation. Today it is the deficit. But what the Bishops stated in 1983 is still very applicable today. Here in part is what they stated, and I quote:

As recent economic policy statements reveal, the primary objective is to restore profitability and competitiveness in certain Canadian industries and provide more favourable conditions for private investment in the country. The private sector is to be the "engine" for economic recovery. To achieve these goals, inflation is put forth as the number one problem.

In today's terms, it is no longer inflation, it is the deficit. The Bishops go on to state that the causes of inflation—today it is the deficit—are seen as workers' wages, Government spending and low productivity rather than monopoly control of prices. The means for curbing our deficit are such austerity measures as deindexing of pensions, restraints and cut-backs in social spending. The Bishops go on to say, and I quote:

In effect, the survival of capital takes priority over labour in present strategies for economic recovery.

At the same time, working people, the unemployed, young people, and those on fixed incomes are increasingly called upon to make the most sacrifice for economic recovery. For it is these people who suffer most from lay-offs, wage restraints and cut-backs in social services. The recent tax changes, which have the effect of raising taxes for working people and lowering them for the wealthy, adds to this burden.

The Bishops continue in their statement. They state:

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If successfully implemented, these programs could also have the effect of transferring income from wages to profit. Yet, there are no clear reasons to believe that working people will ever really benefit from these and other sacrifices they are called to make. For even if companies recover and increase their profit margins, the additional revenues are likely to be reinvested in more labour-saving technology, exported to other countries, or spent on market speculation or luxury goods.

In my remarks this afternoon I wish to analyze what the Bishops said in their statement of 1983, and demonstrate how very accurate those remarks are, given the economic realities and strategies of today.

The Budget again raises the tax load on middle and low-income groups and extends tax breaks to the corporations and the rich. As the Bishops stated, that was the strategy then followed by Liberal Governments, and it is again the strategy followed by the Conservative Government of the day. Since this Government came to office in the fall of 1984 it has raised the tax bite on the average Canadian wage-earner by some \$1,305 through income and sales tax increases. Yet, at the same time, it has extended the tax exemptions enjoyed by the corporations. In fact, the Government will be taking an additional \$7 billion out of the pockets of the average wage-earner next year while the corporations will be paying some \$75 million less.

Earlier today I read an analysis in *The Financial Post* which showed that a taxpayer earning \$40,000 per year will be paying an additional \$800 in income tax in 1987. The same study showed that a person who earns some \$150,000 per year will see a net decrease of some \$5,500 in the taxes they will be paying in 1987. Our tax system is rotten to the core. There is no fairness in it. The tax credits, deductions and loopholes created by this and previous Liberal and now Conservative Budgets have shifted the tax burden almost entirely onto the backs of the wage-earners.

In the 1950s roughly one-half of public revenues in the country came from the corporate sector and one-half from individuals. Today, the relationship is approximately 25 per cent from the corporate sector while 75 per cent comes from the pockets of individual taxpayers.

I would like to illustrate just how unfair our present system is. A woman who is a teller with the Royal Bank of Canada paid more taxes than the Royal Bank paid in 1982, even though the bank made profits over \$300 million that year. Yet the teller paid more in dollars and cents to the federal Treasury than did the Royal Bank of Canada. The kid who pumped gas for Shell Oil in 1982 paid more in terms of dollars and cents to the federal Treasury than did Shell Oil in 1982. These examples are just the tip of iceberg.

In fact, let us have a look at the Royal Bank of Canada, its profits and the taxes it paid. We have a statutory tax rate of roughly 49.5 per cent for banks. If we look at how much the Royal Bank paid in actual taxes, and how much it would have paid had the statutory rate applied, we would see that from the years 1977 to 1985 the federal Treasury would have collected an extra \$1.135 billion. When one looks at all the banks grouped together one will find that if they had been paying the statutory tax rate from 1971 to 1983 the public Treasury would have been enhanced by some \$3.286 billion. The reality is that the banks have been paying a much lower rate than a woman who is a teller at one of these banks.

Of course, the oil companies and the banks are not doing anything illegal. These are tax provisions and loopholes which this Government and previous Liberal Governments put in place. I would ask Hon. Members to remember the theory which the Bishops so eloquently enunciated; that is, the economic strategy is one of allowing the private sector to be the engine of growth. Therefore, they are given all these tax breaks in order that they can earn hundreds of millions of dollars in profits and not pay one cent of tax. The hope is that eventually the money will be reinvested to create economic activity, according to the theory of this Government and previous Liberal Governments.

Let us examine whether they do in fact create economic growth and employment. I would remind Hon. Members that in 1983 the Bishops stated that they doubted that the average Canadian wage-earner would benefit from this type of economic strategy. They predicted that these extra profits would not be reinvested to create jobs but, in fact, they would be reinvested in labour-saving devices or shipped out of the country and invested elsewhere.