

*The Budget—Mr. Penner*

If we take this Budget in conjunction with the Budget of May of last year and combine the two, we have one of the heftiest tax increases of any time in our history since the Second World War. Corporate rates are going to be reduced and at the same time personal taxes are going to go up. That is not fair. This Budget is not fair. The capital gains tax exemption remains in effect but working men and women are going to be hit with a 3 per cent surtax, plus another 1 per cent hike on the federal sales tax. That is the third increase in the sales tax since the election of 1984. When the Liberals left office, the federal sales tax was 9 per cent. It now stands at 12 per cent. This is an unfair Budget.

As a result of this Budget, and the previous Budget, personal taxes, that is, income, sales and excise, will increase by a whopping 61 per cent. That is five times as much as the increase in the corporate taxes. The percentage of revenue which comes to the Government from individual Canadians will go up by an unbelievable 164 per cent while the percentage of revenue which comes in from corporations will actually decline by 22 per cent. Does that not indicate to you, Mr. Speaker, that this is an unfair Budget?

I would like to illustrate to the House just how this Budget is going to affect some of my constituents because I do not want my comments to be just theoretical.

● (1640)

In Cochrane, Ontario, there is a single parent, a woman with two children, who earns a \$20,000 income per year. She is not finding life all that easy, financially. Last May the Budget took from her \$350. She could not afford it. She did not have it to give. She had no option; it was taken at source. This year the Minister of Finance came back to that same woman and took from her another \$70, for a total in less than a year of \$420. Is that fair?

In Kapuskasing, Ontario, there is a mill worker, a tradesman, who has four children. His wife does not work outside the home in an income earning capacity. The man earns \$40,000 per year and has a take-home pay of just over \$2,000 per month. With very careful budgeting—for example, he walks to work rather than using his automobile—at the end of the month this family has somewhere between \$175 and \$180 in discretionary income which it can do with as it pleases, provided there are no emergencies such as unexpected dental work or provided the refrigerator does not go on the blink and needs to be repaired. Last May the Minister of Finance took \$566 out of this man's pocket. That was taken away from him and his family. This year he came back and took another \$177, for a grand total or a grand grab of \$743. That is about four months of this man's discretionary income. It is not fair. It is too bad the man does not earn \$50,000. If he earned that amount, and if we take into account the increased RRSP limits and the capital gains exemption a \$50,000 earner may have, he could get away with only paying out an additional \$575. That is not fair.

In the same mill there is a general employee, not a tradesman, who is married and has two children. He earns \$28,000

per year. Each month, after all his commitments are met, he has left in his pocket \$95. Last May the Government came to him and took away from him \$505 of his hard-earned dollars. This year it came back and took another \$125, for a total of \$630. That is more than six months of his discretionary income.

In Geraldton, Ontario, there is an elderly single gentleman with an annual income of \$18,500. Last May the Government came to that man and took from him \$243 of his spending dollars. It came back again in February, in less than a year, and took away another \$57, for a total of \$300. He wrote a letter to me in which he said that that was not fair.

In Marathon, Ontario, there is an elderly couple living in a senior citizens' complex. The combined income of these two people is \$17,366. Last May the Minister of Finance told them to give up \$352. He came back again in the dead of winter and took another \$36. It is not fair.

The Budget is also not fair because it savagely attacks the spending envelope for regional development. This affects the regions in which the people I have just described live. The regions have looked to the federal Government for regional development programs, and the envelope has been savagely attacked. The Minister of Finance bragged about the Atlantic Enterprise Program, and I will leave that to my colleagues from Atlantic Canada to judge. I gather that it is somewhat overblown and pretentious, but I will await judgment on it. Do we really want a nation where we have regions which must look continually to a grim future? Do we not really believe, all of us in all political Parties, in regional economic development? We come from all regions of the country. Are we to allow this to happen? It is not fair. One of the reasons I came to the House of Commons was that I saw in the sixties, living in northern Ontario, a need for regional economic development, and there was a promise that there would be new programs. When I got here, they did not come easily. We had to fight for them, but we finally got them. That is a story I will tell another day. Is it fair to try to tackle the deficit by renegeing on programs like the Native Economic Development Program which was designed to help people get off social assistance and into entrepreneurial activity to create jobs? Last year there were \$90 million in that program, approved by Parliament, which were not spent. This year the program will be slashed by 47 per cent, and it is a program to help native people become self-sufficient. Is that fair?

Finally, the Budget is not only pretentious and unfair; it is also counter-productive in terms of serving as an engine for economic growth. One year ago on CTV *Question Period*, the Minister of Finance said something with which I agreed. He said: "A general tax increase puts a dampening effect on the economy, and I don't want to see us do that". I watched that program and I cheered. I said: "Good for you, Mr. Wilson". He was right a year ago but he was dead wrong last May in what he did to taxpayers and was dead wrong again in this February Budget.

Many analysts have pointed out that when taxes are raised, consumer spending is reduced and economic growth is slowed