

Excise Tax Act

by overspending. The deficit is caused by the fact that we have, according to official figures, one and a quarter million people who are unemployed. There are probably another 300,000 or 400,000 who are uncounted because they have given up and are not even trying to look for work. If that 1.5 million people were working, they would be earning income and paying income taxes. They would be making purchases for which they are not able to pay now. On these purchases there would be a collection of federal and provincial sales taxes. Instead of being producers and earners contributing to the financial welfare of the country, they are recipients. Instead of paying income tax, which would be a plus in terms of the financial affairs of the Government, they are drawing unemployment insurance. We are paying billions of dollars in unemployment insurance for people not to work. I want to say that I am completely opposed to the cut-backs in the system of unemployment insurance benefits which the Government is implementing. When these people run out of unemployment insurance benefits, they go on welfare. Instead of helping to finance the revenue of the Government of Canada, they are in fact costing the Government of Canada money.

It makes a great deal of sense to us to put people to work, to have 4 per cent unemployment as we had for many years after World War II instead of double-digit unemployment of 10 per cent, 11 per cent or 12 per cent. In its budgetary papers and economic projections, the Government continues to predict that unemployment will remain at 10 per cent or more for the next few years.

Mr. Blenkarn: Mr. Speaker, obviously the Hon. Member has not been looking at the current projections of the Economic Council of Canada, for example, which indicate that unemployment will continue to fall as long as the policies we are putting forward are carried out. The Hon. Member will know that over 300,000 people joined the workforce as new contributors to our society over the past year. Also he will know that the figures remain horribly wrong and difficult. That is not a result of substantial cut-backs, because there have not been substantial cut-backs.

I ask the Hon. Member to analyse the figures. When we are debating budgetary matters, certainly tax matters, it is important that Hon. Members understand the financial affairs of the Government. In Employment and Immigration alone, the expenditures by the Government for the first four months of the year are up \$70 million. That is a substantial increase in helping people to cope with retraining and that kind of thing. We are on that track. Surely the Hon. Member must realize that we cannot forever borrow and borrow and continue to run a budgetary deficit for which it is doubtful we can find the financing to support.

● (1650)

Mr. Orlikow: Mr. Speaker, I can agree with the Hon. Member that we cannot go on forever. However, it is not only Governments which are running deficits. The debts of individuals in Canada, because of their ability to buy homes with mortgages and because of their ability to buy appliances

on credit, has grown even faster than government deficits. We can take a look at what is happening in the United States.

As I indicated in my speech, in the eight years that President Reagan will have served as President of the United States, the American deficit will have doubled from the amount of debt created in almost 200 years of American history. In Great Britain, the Thatcher Government did exactly what this Government seems to want to do. There is now an unemployment rate of over 13 per cent in Great Britain, the highest percentage of unemployment that has existed there since the Great Depression.

Cutting the deficit by cutting services will not solve the problem. We need to help people who need the help most and we need to get a tax system which collects from the large corporations and high-income earners their fair share of taxes. That is what we are not doing at the present time.

Mr. Blenkarn: Mr. Speaker, I am literally amazed by the Hon. Member who is a member of the political Party that supported the former Government for 16 years while the deficit went from \$17 billion to nearly \$200 billion. If that is evidence that spending beyond our capacity to earn and our ability to tax creates prosperity, I would like to know why we inherited an unemployment rate of 11.6 per cent. The answer is that the former policies do not work and cannot work. We have to use more sensible policies and that is what we are doing. I am surprised that the Hon. Member does not recognize that and I am surprised that he does not get rid of his old ideas and support the Government and its policies.

Mr. Orlikow: Mr. Speaker, the Hon. Member ought to look at the record of other Governments. He would see that every provincial Government in this country, whether it be Conservative, Liberal, NDP or Social Credit, runs at a substantial deficit. If this Government follows through with its intention to cut back on the increases in post-secondary education, health services and welfare funding and takes the \$2 billion which it is proposing to take from the provinces for those shared cost programs, we will see very substantial increases in the deficits of the provincial Governments. Trying to deal with the deficit by cutting back on services and holding the line has not worked either.

The Acting Speaker (Mr. Charest): Before giving the Hon. Member the floor, I have to take care of a matter of housekeeping.