

it will be as optimistic as possible—is giving a figure of over one million unemployed.

● (1620)

There is nothing in the Budget to address the disastrous state of the federal Government's balance sheet. Indeed, the Budget clearly indicates that between \$15 billion and \$20 billion of the deficit is a permanent structural deficit. I believe it is one dollar in four which goes to pay interest on the national debt, and within a year or so it will be one dollar in three. There is also nothing in the Budget to address the problems of low income Canadians under the age of 65. As for the economy, the Budget's financial projections hinge on what are overly optimistic assumptions of economic growth. The Government sees continued strong real growth of 4.9 per cent this year and 3.5 per cent next year. However, StatsCan has recently warned that the recovery is losing its vitality and the Conference Board has predicted a growth of only 3.3 per cent this year and .3 per cent next year. That is not too optimistic. This is significant as the consequences of highballing the growth projections are to paint an overly optimistic picture.

Expenditures rise at a slower pace in periods of strong growth while revenues rise at a faster pace. This rosy economic forecast is due in large part to two unrealistic assumptions. The first is that all the available evidence suggesting poor levels of capital investment is wrong. The second is that the savings rate falls to levels unheard of as consumers spend the economy into further growth. The Budget also predicts a 5.2 per cent inflation rate this year. As inflation at the end of 1983 was only 4.5 per cent, the clear projection is that it is going up.

Whether all of this is right or wrong depends on what happens to the economy this year. The Minister of Finance, probably for political reasons, chose to bring this Budget down before he obviously knew what the figures were, so he is guessing. We will not even have the first estimates for the growth of the economy in the last quarter of 1983 until later on, probably at the end of this month. Ignorance may be bliss for a Minister of Finance who is overly optimistic, but it sure hurts the ordinary citizen. In the Minister's case, he based his economic forecasts on stale data, choosing not to notice that things have taken an adverse turn recently. Therefore, who is right, the forecasters or the Government? No one knows for sure, but there is no reason to assume that a Department of Finance which has failed completely to foresee the 1981-82 recession must be right when it sees no slowdown at the present time.

On the most important issue of all, unemployment, there is too little, too late. In the recent Budget the Minister said that none of us can be satisfied with more than 1.4 million unemployed Canadians, our children, relatives, friends and neighbours who cannot find jobs. However, Mr. Speaker, that does not include another 500,000 who are not counted in the overall figures because they are no longer drawing benefits, they are either living on welfare or eking out an existence on their savings and probably some part-time work. This is certainly a tragedy. However, it is obvious he is not disturbed enough to

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do much about it. His own projections say there will be an average of 1.3 million of our friends and neighbours out of work until 1985, and this is an optimistic assumption about growth. If the Conference Board of Canada staff and other like-minded economists are right, employment will be rising instead of falling.

What was the Government's reaction to this possibility? Make work projects and a great deal of money announced in the Budget by the Minister was money and projects pledged in previous announcements and previous Budgets. As I said before, the only actual new, hard cash is the \$150 million earmarked for youth employment.

The Minister of Finance's deficit numbers are worse than he expected last year. Yet he has made no aggressive move to close the gap. In the 1983 Budget he forecast that the deficit would drop by \$2.5 billion in the fiscal year starting this April. He then put the 1984-85 deficit at nearly \$29 billion. Now he has forecast a deficit to be about \$30 billion for the coming year, only \$1.8 billion down from the fiscal year ending this March. It becomes obvious that the Minister of Finance had to work very hard with his officials to make a stand-still Budget look as though it were going somewhere. Where it is not going is what really counts.

What about taxes, Mr. Speaker? This Budget contained no major tax increases, but it did not have to; the April, 1983 Budget took care of that. In addition, there are delayed increases in unemployment insurance premiums built into the tax structure through existing legislation. Many of these taxes are hidden taxes, and here are some of them. The federal sales tax would be increased by 1 per cent for the period October 1, 1984 to December 31, 1988. The new rates will be 6 per cent on construction materials, compared with 5 per cent. This was brought up here earlier this afternoon and this is not going to help the building industry. There will be a 13 per cent tax on alcoholic beverages and tobacco instead of 12 per cent, and 10 per cent instead of 9 per cent on other taxable goods. The \$100 standard medical deduction is eliminated starting in the 1984 taxation year, and receipts will now be required for all charitable and medical deductions.

Another example is the Child Tax Credit. The income threshold above which the Child Tax Credit is reduced by 5 per cent for every \$100 of household income will be de-indexed at the 1982 level of \$26,330. As income rises with inflation, it will mean fewer and fewer people will qualify. The Canadian ownership special charge is a bruising tax. It takes money out of the pockets of every Canadian every time he or she pulls into a gas station. The tax is equal to four cents a gallon and it was originally imposed as a temporary measure for the purchase of Petrofina by Petro-Canada. It has been extended as a permanent revenue tax. I suspect this will probably surface again once the election is under way.

● (1630)

How does the Minister help domestic demands in this Budget? He does not help them at all. As far as I can see, this is because he increases the taxes and takes four times the