

The Budget

objective of deficit reduction, the following measures take effect immediately. That is very important.

First, the tax rate for large corporations goes up from 0.2 per cent to 0.225 per cent. As well, the surtax rate for companies increases from 3 to 4 per cent. Together, these two measures will generate additional revenues of \$260 million annually. All large companies with capital assets exceeding \$10 million will be affected by this tax rate increase.

The budget also provides for a temporary increase of the capital tax for banks and other large deposit institutions mentioned in Part VI of the Income Tax Act. That additional tax will bring in \$100 million over a period of 20 months.

• (1305)

Another issue often discussed here in this House was that of family trusts. They were decried, but we are dealing with this problem. Family trusts will be eliminated as of January 1, 1999. The choice allowing one to postpone capital gains taxes according to the 21-year rule will be abolished.

The cancellation of that choice given the preferred beneficiaries will prevent people from using the trusts as an income splitting tool, a most profitable procedure.

My friends from the other side will no doubt be happy with these very progressive and, above all, fair measures. I can see it in their smiles. This is a measure they will applaud and praise.

There is no provision for income tax increases in this budget. I am surprised my colleagues have not commended on that. I am surprised they only pick out items that, according to them, will embarrass government.

I am also surprised that my colleagues from the other side have not mentioned that for each tax dollar, government programs will be reduced by \$7. I am enormously surprised they have not mentioned one outstanding and very important point, which is fundamental to the process launched by the government, the fact that we ensure a simple and reasonable financing which will allow us to meet the needs of Canadians while cutting programs that are not absolutely essential.

I am also surprised they did not talk about RRSPs, an issue where we certainly found a reasonable solution. As you know, there were people on both sides: those who did not want any cuts and those who wanted RRSPs to be practically eliminated. What did the government do? It cut a little; they will be frozen and increased by 1,000 \$ every year. Well-off people will be those mostly affected. I would have thought that my friends of the Bloc would have at least indicated that this was a step forward. Perhaps they will do so later on.

No taxation of dental and medical health programs. As you know, we all received letters from citizens throughout the

country who did not want these programs to be taxed, and they were not. I would have thought that my colleagues across the way would have had something nice to say about that. Perhaps they forgot. It is quite likely that they will mention that very soon.

This morning I read various press clippings from everywhere in the country. I would like to quote some of them so that Canadians know about the feelings of people who are not in politics, who do not belong to any political party in the opposition, who are looking at it in a rational way in order to give Canadians some advice.

Here is from *The Gazette*: "Belt-tightening Impresses Markets". How interesting. And "Ottawa aims to shrink deficit. Big spending cuts, modest tax hikes will be used to save \$13.6 billion".

There are others, and I know that my colleagues really appreciate the fact that I am sharing with them a rational point of view. The *Globe and Mail* says: "Family Trust to Lose Deferral". And it goes on, Mr. Speaker. "Department Spending Reduced by 19 Per Cent", *Le Devoir*, February 28. How interesting.

Then, a headline in *The Globe and Mail* says: "Ottawa Axes Business Handouts. Subsidies Being Cut by Nearly \$2.3 Billion over Three Years".

• (1310)

Here, on the same page: "Women's Programs Dodge cuts". Surely, my colleagues are going to rise in favour of that measure. Let me go on. In today's edition of the *Ottawa Citizen*, one can read: "Environment Groups Offer Rare Praise to Government". How interesting.

Let me continue: "Average Consumer Escapes Brunt of Budget". That can be found in today's *Gazette*. The *Toronto Star* says: "Liberals Cut Where Tories Didn't Dare". How interesting, Mr. Speaker.

Let me continue further. Jeffrey Simpson writes, in *The Globe and Mail*: "A Fine Start in Attempting to Escape the Deficit/Debt Trap".

And on the other side of the page, still in the *Gazette*: "Historic Budget Slays the Herd of Sacred Cows". Then in today's edition of *La Presse*, one can read: "L'économie peut de nouveau respirer". That means that the economy can breathe again. "Martin Budget Good First Step, but Canadians Still Face Tough Decisions". It is true, indeed. But it is a step in the right direction.

Finally, and this is quite interesting, in a press release, chartered accountants say that they give 4 out of 5 to the federal budget. Four out of five!