

Borrowing Authority

Miss Aideen Nicholson (Trinity): Madam Speaker, we are again debating a borrowing authority Bill, and the circumstances are again not very happy. The public debt is continuing to increase more rapidly than economic growth. This must be of concern at any time, but it is of particular concern when the Government is raising taxes, cutting services, and taking measures which run counter to increasing economic growth.

We in the Official Opposition have criticized every Budget brought down by the Conservative Government since it took office, and each for the same basic shortcomings. We are disturbed by the Government's apparent fixation in the short term and by the lack of concern and vision for what the country's future will be. Second, while we are sympathetic to the need to reduce the deficit, we have serious reservations, both about the choices the Government has made to meet this objective and about the poor results to date.

Canadians have not been well or fairly treated by the Government which made so many promises that have not been fulfilled. Since the Government came to power Canadians have been subjected to a regime of continually escalating taxes and dwindling services. Only corporations and the wealthy have been spared the steady erosion of their disposable income that started with the first Budget of the Minister of Finance (Mr. Wilson) in May, 1985. By April, personal income taxes will be 48 per cent higher, an increase of \$43.3 billion, than in 1984-85, the year the Government was elected. For corporations, however, the increase is a mere 4.3 per cent.

● (1610)

This 48 per cent increase in personal taxes does not include the 62 per cent increase in federal sales and excise taxes, which account for a further \$22.83 billion out of the pockets of Canadian consumers.

Although sales and excise taxes are levied at the manufacturers' level, they are invariably passed on to the consumers in the form of higher prices.

Sales taxes have not only been increased at every opportunity, they have been extended to cover a wide range of products not previously taxed.

In last year's Budget, the Minister of Finance announced a 3 per cent surtax on all individuals. It has been described as temporary, but no mention has been made of how long it is to be in effect. It is clear that in its search for revenue the Government has squeezed the average Canadian, the person of modest means, as well as the poor. Not only are the poor paying more, the measures brought in by the Government, including the deindexation of tax brackets and the elimination of the \$100 federal tax reduction, are creating a situation where more and more low-income people are being added to the tax rolls even though their incomes remain static. The Government has quite deliberately put the burden of deficit reduction squarely on the backs of low-income and middle-income Canadians.

What has it offered in return for all these extended raids on the taxpayers' pocketbook? We were told that increases were necessary because everyone had to participate in reducing the deficit. Low and middle-income Canadians have done more than their share, but has the Government done its part? Has it succeeded in reducing the deficit? Let us remember that attacking the deficit was a key goal the Government set for itself. Yet two and a half years into its mandate its record on the deficit is less than impressive.

Despite all the belt tightening inflicted on taxpayers, the cuts in services, the new user fees and service charges, the deficit in fiscal year 1986-87, after four years of economic recovery, will be \$32 billion compared to \$32.4 billion in the last full year of the previous Liberal Government when we were just beginning to climb out from recession.

What happened? The Government has raised taxes by \$6 billion but all of its self-congratulatory rhetoric cannot hide the fact that despite the tax burden added on Canadians in the name of deficit reduction the Government has scarcely managed to make a dent in it.

The high level of public dissatisfaction with the Government comes as no surprise. There is very little to show that the Conservatives remember the promises they made to Canadians.

Last week in the House I asked the Minister of Finance how he expected his policies to result in a better future for Canadians. The Minister's answer was less than satisfactory because it was merely a litany of some of the measures he has introduced, ostensibly to assist Canadians. He mentioned the refundable sales tax credit, but surely that is a very meagre provision. It is available only to those with annual incomes below \$15,000. That still leaves out many families living below the poverty line.

The Minister also mentioned the prepayment of the Child tax credit as a measure introduced to improve the quality of life for Canadians. Again, this is a very restricted measure, available only to those whose incomes fall below \$15,000 a year. It simply means that those families receive in November what they would have received anyway the following April. However, the approximately 300,000 Canadian families living below the poverty line but with incomes over \$15,000 are not eligible for it. In any case, the money going back to Canadians through the sales tax rebate and child tax credit prepayment combined is still less than half of what the Government gets when it raises sales taxes by 1 per cent. I remind members that the Government has raised sales taxes by three per cent since coming to power.

In his response, the Minister also mentioned increases in veterans' pensions and spouses' allowance. While that is all well and good, I point out that these are also classed as income for tax purposes and are therefore vulnerable to the Minister's hungry hidden taxes which are taking bigger bites each year from the incomes of Canadian seniors.