

The Budget

This philosophy has spread to the newspapers where everyone has good things to say about the budget. Where are the budgets that used to take care of the less fortunate without excessive spending? This is not done anywhere in this budget.

And there are other things that must not be forgotten. We must not forget that, according to the Minister of Finance, this budget was aimed in a way at restructuring Canada to a certain extent through decentralization. They said that Canada was too centralized, that it was too costly, that they wanted to shift some responsibilities to the provinces.

They are transferring certain things to the provinces. In the next two years, they will transfer \$7 billion to the provinces for health, education and social assistance. We note, however, that they are not really decentralizing but rather transferring problems. This is not a transfer following negotiations in good faith on restructuring Canadian federalism.

More importantly, this budget will not bring about tax reform. RRSP provisions will be tightened a bit. The large corporations tax rate will rise from 0.2 per cent to 0.225 per cent, which amounts to only \$145 million. The surtax on profits will go up from 3 per cent to 4 per cent, which represents \$350 million over three years. There will be a temporary tax on banks.

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A tax which will raise about \$100 million total, from all banks, when the Royal Bank of Canada alone turned profits of \$1.2 billion this past year. What is \$100 million as compared to the aggregate of all bank profits? Peanuts.

Why does the Minister of Finance come up with such a measure, a proposal which is almost insulting to those who pay taxes? Actually, I think this may well have to do with the public perception of a shockingly low level of taxation. Next year, the banks will again turn huge profits. Given the current interest rates and the streamlining efforts of the past three or four years, banks stand to make huge profits. So, you can expect more hoopla in the press. What will the Minister of Finance have to say? He will be able to say: "But we did impose a temporary tax on them, a special tax to bring in \$100 million". That is one hundred million dollars in taxes on profits perhaps as high as \$10 billion.

That is a mere one per cent. It is somewhat insulting to those who often have to pay as much as 40 or 50 per cent of their incomes in taxes. Of course, they are probably among the wealthy.

The fact of the matter is that the budget before us has not put our fiscal house in order as it should have. The tax shelter issue remains unresolved, as do the ones raised on the French television network newscast *Téléjournal*, last week, where the situa-

tion of two individuals earning \$100,000 was compared. One hundred thousand dollars is not peanuts. These are wealthy people. The salaried worker would pay \$40,000 to \$43,000 in taxes every year, while the self-employed person earning just slightly less, thanks to all kinds of tax loopholes and tricks, and with deductions for children, would end up paying \$22,000 in taxes.

When Canadians see things like that—even though they often have little sympathy for those who earn \$100,000—when they compare the two situations, they realize that there is something wrong with our tax system.

Consequently, we feel that this budget is unacceptable because it does not include a major tax reform.

Let us now turn to the debt. Again, it would be one thing if there were some concrete results, but such results are not obvious. The Minister of Finance, who is not making whimsical predictions, currently estimates that the debt will be somewhere around \$500 billion this year, and that it will reach about \$603 billion in three years. Therefore, regardless of what the minister does, the debt will increase by another \$100 billion. The interests on that debt will increase from \$42 to \$50 billion. As well, the deficit will remain around \$24 billion in 1996–97.

So, the government talks about reducing the debt, but Canadians who are watching, and who may be prepared to make sacrifices, cannot help but think: "Sure, but the debt is still there. It will still grow. We will still have to pay high interest rates on it". Where is the improvement?

Canadian taxpayers will be even more sceptical when they find out what these assumptions are based on. These forecasts are based on the prediction that the economy will continue to grow after 1997. Therefore, the debt will continue to rise even if the economy is doing well or continues to do well over the next three years.

The budget also forecasts interest rates. I am a little surprised to see the Minister of Finance forecast interest rates two years in advance when he often fails to forecast accurately two months in advance. Whatever. Nevertheless, the budget does have to contain some numbers to make it look scientific and serious.

There is another issue that is probably scandalous and that, in my opinion, will floor the average person who ponders the issue and that is that they predict a drop in the rate of job creation. This year, it will be about three per cent; next year, it will only be about two per cent.

They forecast an unemployment rate of around 9.4 per cent. That is no low rate. In fact, 9.4 per cent represents only the unemployed workers who are included in the survey, but many of them are not. This means that regions like mine will again face real unemployment rates of 15, 16 or 17 per cent.