

*Borrowing Authority Act*

March 31, 1987, the national debt will be in the vicinity of \$150 billion. It will surely have reached \$145 billion. That is the enormous national debt which the Conservatives decry so intensely.

Why has this happened? Why are Canadians burdened, not with just the absolute amount, which if you were sensible about these things could be borne, but with interest payments which in the coming year will take about 75 per cent of income tax revenue? Why has a Conservative Government, which has been in office more than 18 months, done so little to change the situation? The difficulty is that policies have been developed in the Ministry of Finance and implemented by Revenue Canada which have produced one of the most inequitable tax systems in the world. Individual Canadians in the lower and middle-income groups find themselves more and more heavily burdened with taxation. On the other hand, rich Canadians and big companies continue to escape taxation on all kinds of income. It is not that the country does not have the wealth needed to move the Government closer to a balanced budget. The fact is that this Government, very much like the previous Government, does not want to come to grips with the problem. Instead it creates the deficits which Bills like this borrowing authority have to cover. Tax expenditures which reflect notions from the early 1970s, that if we can only encourage investment we will have a prosperous economy, are at the very root of our difficulties. It is quite obvious by now that those policies have not had that effect.

If we look back to the middle 1970s we can see on the one hand policies of encouraging investment, and on the other hand Governments anxious about revenue shortfall beginning to restrain expenditures. From that time onward deficits have risen sharply while our economic situation has not improved at all. Unemployment has grown.

This is the situation in which lower and middle-income Canadians find themselves. They are more and more heavily burdened with taxation and less and less capable of maintaining economic activity. On the other hand, those who should be encouraging prosperity by using the money they do not have to pay in taxes for investment purposes are not doing what they should be doing. They are using the money to buy existing operations so that our economy becomes more and more concentrated in about seven different control centres, seven different family and other groups, controlling more and more of our economic life. They use their power to reduce competition and put people out of work because they do not need as many employees. None of this is in the economic interests of Canadian consumers, workers or taxpayers, or for that matter those who sit on the front benches across the way as the Government of Canada. Yet the Government goes along this misguided, dead-ended path and pursues these policies without any really significant change.

Certainly some of the worst abuses have been dealt with. The Scientific Research Tax Credit, which proved to be rife with fraud, has been closed off and the Government will have to pay precious dollars to lawyers involved in the prosecution of people who took advantage of that rip-off of the Canadian

taxpayer. However, the really significant thing, aside from the abuses, is that there has not been any readiness to come to grips with the whole issue. Tragically enough, the Nielsen task force report, which talks about assistance to business being given with both hands—dollars being shovelled out in various ways—does not come to grips with the issue of tax expenditures. The argument is that we should get rid of the grants while increasing tax expenditures. That suggestion is the most stupid one of all. If there is one deplorable aspect of the tax expenditure system it is that there is no way the people of Canada and their representatives in Parliament can deal with these matters, because the information is not in their hands.

• (1230)

The Nielsen Task Force has failed us grievously in this absolutely fundamental area involving a heavier burden of taxation on individual Canadians, and the continuing large deficit which the Government tries to finance. These failings indicate the bankruptcy of the Government when it comes to the will required to come to grips with these matters.

For those reasons I support the six month hoist of this Bill. It is not a borrowing authority for Public Works, as the Bill itself suggests. It is instead being used to cover the day-to-day operations of government, because the will is not there in the front benches to take the action required to get this country on a sound fiscal and economic basis.

**Mr. Vic Althouse (Humboldt-Lake Centre):** Mr. Speaker, I would like to spend a few moments talking about the proposal before the House today, Bill C-99, which is a request for borrowing authority by this Government of a sum in the amount of \$22.6 billion. This is just an interim request to the House to cover up some of the deficit that will be accruing because of the budgeted plans by this Government for the coming fiscal year.

The exact motion we are looking at today is for a six-month delay in implementing this Bill, to provide some time for the House to get acquainted with the Government's expenditure program. I think it will take at least six months to thumb through the estimates we received this year. It becomes very uncertain exactly what the expenditure program is. It becomes a question of which set of figures do you take, and the variance between those figures is quite dramatic.

For instance, we have this year been presented with our expenditure program set out on the old accounting basis and on a revised accounting basis. If we use the forecast on the old accounting basis for 1985-86, the coming fiscal year, the Government intends to spend \$103.944 billion. If we use the revised accounting basis they are proposing on the same budget to be spending \$112.250 billion, a difference of some \$8 billion or \$9 billion just in the form of accounting used. They explained that that comes about because they are trying to include the Exchange Fund Account, the Unemployment Insurance Account, the Western Grain Stabilization Account and other similar unstated accounts, all of which apparently amount to \$9 billion or \$10 billion.