Yesterday he said that he would stick by the $22.50. Will he also stick by the $23.88? Is one the calendar year and one the fiscal year? How does he reconcile them? Whom do we believe? Do we believe the Minister or his own budget document? It is small wonder that when the Canadian business community looks at the budget documents it wonders.

• (1610)

Let me talk about another projection, Mr. Speaker. Interest rate projections are not realistic either. It is 9.5 per cent against today's rate of 12 per cent or 13 per cent depending upon what term of obligations you are looking at. For every 1 per cent difference in the interest rates there is an expenditure increase of $1 billion. For every percentage variation of 1 per cent there is a projected error of $1 billion.

The cuts in expenditures are an illusion. The numbers for the deficit reduction are not credible. Wall Street is not satisfied because the Minister, instead of cutting expenditures, is raising taxes. The business community has come to this conclusion here and abroad. The deficit was not reduced by cuts in spending but by putting the burden primarily on the backs of ordinary Canadians with higher and higher taxes. The story in the February Budget is the same as what we heard in May.

The Minister even gets low marks from President Reagan's advisor on Government spending cuts. Peter Grace was in Toronto the other day and said he was surprised that the Budget goes at the deficit through tax hikes and not through expenditure reductions.

The pressure on the Canadian dollar continues. There has been a massive intervention by the Bank of Canada. The Department of Finance figures released earlier today show that a record $2.6 was borrowed last month to add to its dollar defence funds to build up international reserves. Of that money, $1.3 billion was paid by the Bank of Canada in purchasing Canadian dollars to defend the level of the dollar. That is the largest borrowing in a single month in Canadian history and the largest intervention in a single month in Canadian history.

The debt of the Canadian Reserve Fund has now been pushed to $4.265 billion, almost as much as the money held in the fund. I can remember when the Minister of Finance (Mr. Wilson) stated to Mr. Lalonde when he was Minister of Finance that we had a dangerous situation when borrowing against the fund was only half the level of the fund. Now we have total borrowing on our reserve equal to the amount of the reserves. That is a very fragile, vulnerable situation.

[*Translation*]

Mr. Speaker, if you add the figures for increases in personal income tax from the May Budget to the figures released on February 26, we see that in less than nine months, the Minister of Finance and the Prime Minister have managed to saddle us with an additional tax burden of $12.5 billion in personal income tax alone. For the next three years, the Minister of Finance has increased direct and indirect taxes by $24 billion. During the same period, corporations will be subject to an increase of only $1 billion. Over the next three years, the individual taxpayer pays $24 billion and corporations only $1 billion. Is that justice?

The average family will suffer, and those who are rich enough to have money to invest will be eligible for the capital gains tax exemption. They will receive a lifetime exemption of $500,000, which means $125,000 in *cash*. The tax burden is not fairly distributed. The rich continue to benefit from the capital gains tax exemption, while low and middle income families remain the favorite prey of the Conservatives.

[*English*]

We have gone through the cumulative effect of both budgets, the May Budget and the February Budget, over four years, based on the Department of Finance documents of the personal tax increases, the sales tax increases and the capital gains exemptions; in other words, the works.

If you have a family of four, one income earner, earning $15,000 a year your percentage cumulative tax increase in four years is 23 per cent. If you earn $35,000 your four year cumulative tax increase is 13 per cent. If you earn $50,000 a year that total four year tax increase is 8 per cent. What about a person earning $100,000 a year? That person has a 1 per cent increase. What about a person earning $200,000 a year? That person has a 1 per cent increase. So if you earn $15,000 a year, your total increase is 23 per cent out of those two Budgets while a person earning $200,000 has only a 1 per cent increase. Everybody in this Parliament—everybody—should know that that is not fairness, that it will not sell. Canadians do not like it. That is not the way to share the burden of the public debt. You do not do it like that.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Let me give you more figures for the record, Mr. Speaker. We want to illustrate why this Budget is not fair.

A single parent with two children earning $15,000 a year will pay $248 more in taxes in 1986 as a result of both budgets. The same single parent earning $20,000 a year will pay $418 more in 1986. A retired single person, most of whom are women, earning $10,000 will pay $160 more in taxes in 1986. The same person earning $20,000 a year will pay $336 more in 1986.

Yesterday's issue of *The Financial Post*, March 4, 1986, includes some best case investment income assumptions.

Mr. Malone: Read the whole paper.

Mr. Turner (Vancouver Quadra): An individual with an income of $40,000, based on a salary of $35,000 plus $4,000 in dividends, plus interest of $1,000, faces a tax increase from 1985 to 1987 of 9.4 per cent. An individual with an income of $150,000, that is to say based on a salary of $100,000, $15,000 in dividends, $5,000 in interest and $30,000 in capital gains in the same period has an over-all tax decrease of 1.4 per cent.