

Government Orders

• (1610)

We have money markets in our country. We should not have to go to the international market, except of course for capital spending, which is quite different, because this spending would generate revenue. However, there is nothing forcing us to go to the international market.

Finally, this whole deficit issue is creating a climate of fear in the country and people are right to be worried. We have seen the effects of free trade on our economy and on industry in this country. The government is continually using the deficit as a bogeyman to frighten everyone. Instead of frightening us, it should submit concrete measures. As I said, such a concrete measure would be a real reform of our tax system. People have been demanding it for years. I believe that it is essential. Without it, we will not regain Canadians' confidence in this area.

Moreover, when we look at the deficit, we see that interest rates do a great deal to raise it. That is something else we should look at as a government, because we are part of it here. If we are not part of the solution, of course we create problems here. We must understand that. The deficit is not due to a single thing, as our illustrious Prime Minister often tries to have us believe. He blames us for the deficit and says that it was created when the Liberals were in power. But that is so simplistic it does not even deserve a reply.

The deficit problem is due to several things. First, there must be a real reform so that all Canadians, especially the middle class, who are paying more than their share now, know that they are not being victimized. We know that is happening now. We must deal with that issue because it is a matter of trust.

Second, we must at all costs protect the gains we have made here in Canada, especially our industrial infrastructure which has been very hard hit since free trade. I say that by the next election, this question of free trade will again be an issue, because many have suffered from this hurriedly signed deal. Recently I read that the Canadian Manufacturers' Association, especially the Quebec branch, did a study and now says that after the

fact that it realizes that before we signed the free trade agreement, there should have been a transition period of at least five years so that we could adjust to it.

Mr. Speaker, I conclude my speech on Bill C-21. If there is one thing I would like to see instead of the fund mechanism, knowing that all revenue goes to the Consolidated Revenue Fund, it is to ask the government to deal with the problem that is undermining the confidence of all Canadians, namely the unjust and unfair tax system. That is what we should deal with first. If we show our good faith by making the system fair for all Canadians, we will see all taxpayers regain hope and confidence.

Mr. Jim Peterson (Willowdale): Mr. Speaker, like all members of this House I was very impressed by the hon. member's speech. His ideas were so well expressed, his arguments so incisive that I was amazed. I would like to ask him a question. On the subject of the deficit, does he think the budget brought down by the government about a month ago will increase or decrease the deficit? I would like to refer to a small item in the budget which consists of reducing the tax on dividends paid by Canadian companies to their parent companies abroad. The tax was reduced from 10 to 5 per cent for dividend payments paid abroad. Does the hon. member think this is fiscally responsible? Does he think it will increase foreign investment in Canada? If the answer to the last question is yes, does he think it is a good thing for Canadians to increase the level of foreign investment in this country?

Mr Assad: Mr. Speaker, to answer the hon. member's first question, I am not convinced—and my opinion is based on a number of articles that I read on the subject—that the budget brought down by the government will decrease the deficit. Certainly not. And that is because the expenditures it must cover are not capital expenditures. Since it is going to continue in the same vein, it seems to me there will be an increasing number of people who will find it difficult to pay their debts, and there will be less revenue going into the Consolidated Revenue Fund. I do not see how that is going to help reduce the deficit.