

The Budget—Mr. Cassidy

basic feeling that there is a lack of competence, a lack of vision, no sense of direction and a lack of leadership on the part of the Conservative Government, beginning at the level of the Prime Minister (Mr. Mulroney) and going right down through the Cabinet and the whole Party. That is bad for Canadians. As one Member of Parliament and as one citizen of Canada, I regret to see a Government that is behaving now as though it has been in power for 10 or 15 years and has totally run out of ideas. The difference is that this gang ran out of ideas before its first term had even come to an end.

A number of thoughtful commentators have been saying, I think justifiably, that if the Conservative Party intends and wishes to stay in power after 1988 or 1989, it will have to mend its ways in a very serious way. Conservative Members will have to take steps really to understand what is happening in Canada and to show Canadians they care about the situation, not just in downtown Toronto, not just in the Golden Horseshoe but in the interior of British Columbia. They must show that they care about what is happening to lumber producers in northern Quebec, to fishermen and women in the Maritimes and the Atlantic provinces, and about the fact that the oil industry has collapsed in much of Alberta and very little has been put in its place. That is the kind of caring we will have to see from the Government, and that is why this Budget is such a lost opportunity.

People in the Ministry of Finance maintain that the reason the tax reform has been deferred relates to the technical problems involved in putting it all together. I do not know whether or not that is true, although again I believe the Minister must be accountable for the fact that once again we have promises in tax reform but not performance. Tax reform has been delayed once again. With tax reform as the centrepiece of this Budget out of the way, there was the opportunity for some thoughtful reflection on Canada's direction and on what the Government intended to do about it. It was a time to reflect on the situation faced by average Canadians.

Over the past two years, middle and low-income Canadians have faced growing financial strains. The average family has borne tax increases under this Government of \$1,350 per annum, and will face another \$65 to \$100 increase with this week's Budget. The vast bulk of Conservative tax increases have been borne by average families, whereas the burden of corporate taxes has continued to fall. This is an aspect of the situation we face which people are telling the Government they believe is unjustified.

Let me be more specific. According to the figures in the *Budget Papers*, taxes on individuals will have risen by 52 per cent between the year the Conservatives took office in 1984-85 and 1987-88. That is an extremely heavy burden at a time when people are struggling to get out from under after bearing the consequences of the recession. What is happening on the corporate side? In that same period, corporate taxes have dropped by 18 per cent. What kind of justice is that? The Government has promised tax reform, but it has raised taxes

on individuals by 52 per cent and cut the tax take from corporations by 18 per cent in that period of time.

Perhaps I can put it in another graphic way. The Minister of Finance has said that tomorrow, the day after or sometime in the future, he will increase taxes on corporations. Since his Party took power, the share of federal government revenues coming from corporate tax has dropped from 13.2 per cent of total revenues to 10.5 per cent of total revenues in 1987-88. At the same time, personal income tax revenues have risen from 41.5 per cent of government revenues to 46.4 per cent of government revenues. Not that long ago, about a generation ago, personal and corporate taxes provided an equal share of federal government revenues. It has now got to the point where four and a half times the revenues come from the personal sector. The Minister of Finance has tolerated a \$2.5 billion shortfall in corporate tax revenues in 1987-88 over what he was forecasting just a few months ago.

The Tory rhetoric about tax reform touches all the right bases, but their practice shows what the Government really believes. When we go to the hustings in 1988 or 1989, we will judge this Government not just on the basis of its rhetoric but on what it will actually have achieved. I suggest that all the evidence shows it will have achieved damned little for ordinary Canadians in the way of tax fairness, and for that I think we are all the sorer because there was some real promise. The Minister of Finance takes pride in inching the deficit down below \$30 billion this year, a target he missed in 1986-87. I predict he will probably miss that target again in the forthcoming fiscal year. We are asked to share his pride in the reduction of interest rates, although they are still two points above those of the United States. We are asked to share his pride in the steadiness of the inflation rate, although it is two points above that of the United States. We are asked to share his pride in the fact that unemployment rates have on average come down from their peak and fell by almost 1 per cent between 1985 and 1986. Sure, I am glad that occurred, but in 1987, while Canada may be doing better than most of the rest of the industrialized world, we are being told that our unemployment rates will stay above 9 per cent nationally.

According to Finance Department officials to whom we talked in the lock-up yesterday, the average unemployment rate in 1987-88, up to March 1988, will be 9.2 per cent. That is a reduction of less than half a percentage point from the average rate that prevailed in 1986-87. That is a measure of how much the Government has given up on its target of jobs, jobs, jobs which propelled the Prime Minister and his Party to office in September 1984.

I grant that Canada is doing better than other countries in terms of job creation and those things, but we must do that because the demographics of Canada are far different from those of West Germany, The United Kingdom or most other OECD countries. We have to run very fast in order to stay ahead. What the Government is doing now is essentially treading water rather than getting us ahead and coming to