However, lower and middle income groups will pay heavily. By 1990-91, individuals will be paying an extra $4.1 billion in income tax and $2.6 billion in sales and excise tax. However, corporations will enjoy a $2.2 billion decrease in taxes.

● (1520)

In addition, Canadians will find the real value of their pensions, family allowances and child tax support badly eroded. De-indexation of those programs by three percentage points will erode their real value by 16 per cent in 1990 to 1991. Canadians will have less disposable income to spend at a time when consumption is the key to sustaining the economic recovery.

The Old Age Security benefit payments will be cut by $1.6 billion by 1990-91 with a sizeable cut of $245 million as early as next year. Family allowances will be cut by $400 million in 1990-91 and by $90 million next year. Other cuts hit some sectors of our economy hard, in particular, agriculture. With the cuts in agricultural subsidies, food prices must go up.

The capital gains tax holiday is going to make it more profitable to get out of farming than to stay in it. As more farmers get out of farming and the value of the surrounding holdings is depressed, it does not take a lot of imagination to foresee much difficulty in the agricultural sector which will impact on the urban consumer.

The Budget has a lot of smoke and mirrors in the introduction of surtaxes on upper income groups, corporations and banks for a limited time period only. For the low to middle income family, especially those with dependent children, the cuts are ongoing.

The capital gains tax holiday which I just mentioned, apart from farmers, will benefit in the main affluent Canadians who are able to benefit from this exemption. Based on 1982 statistics, some 63 per cent of the capital gains exemption will accrue to people earning $50,000 a year or more, although they represent only 4 per cent of total taxpayers. The wealthier in society will enjoy significant tax reductions, but the poor and the lower middle class will have significant tax hikes.

The essential criticism I have of the Government's plan is the lack of any agenda for economic growth. Contrary to the leap of faith expounded in the Budget, many experts expect the proposed measures to slow economic growth. Even the Budget documents appear to undercut the Minister's Budget statements. The forecast for GNP growth shows 3.1 per cent for 1985. This is a decrease from the 1984 growth of 4.7 per cent. The Budget indicates a further deceleration in 1986 to 2.4 per cent.

Most authorities will say that even to stand still at our present unemployment rate of 11 per cent, which is unacceptably high, we need growth of 3 per cent. How can the Minister say that there will be jobs created when he is anticipating growth of less than 3 per cent? The Minister is anticipating growth of less than 3 per cent without the impact of his Budget cuts. I note that one respected forecaster for Woods Gordon has been quoted as saying the Budget's tax increases will cut GNP growth to about 1.9 per cent in 1986. If the forecaster is right, unemployment will increase sharply.

The Budget takes some $13 billion out of the economy over this year and next. The Budget takes at least $3 billion out of direct disposable income through personal income tax increases, sales tax increases, and cuts in transfers to persons, namely Old Age Security and family allowances. This cut in disposable income hits particularly the low and middle income group. The low and middle income groups are the people who spend their money on the necessities of life. They have very little margin for saving. Therefore, taking money away from them is taking money out of the economy and reduces consumer spending.

Investment is essentially driven by consumer demand, both domestic and foreign. Exports to the United States are weakening with the economic slowdown there. The Budget depresses domestic demand. In those circumstances, how can we share the economic and optimistic hopes of the Minister of Finance (Mr. Wilson)?

The Government tell us it is banking on a rise in confidence to spur economic recovery. Canadians are more sensible than to invest or spend solely because the Government says so. There must be visible reasons to do so, including improved employment prospects. The Budget does little to reduce the deficit, hence business confidence is not fortified. The Budget strikes at consumers, hence shaking their confidence. The Budget document entitled *Canada's Economic Prospects* has some material concerning consumer expenditures on page 16. It shows consumer expenditures to be very weak in 1986 when the tax measures really begin to bite. That same budget document shows net exports decreasing. Given that Canadian industry is still operating well below full plant capacity, probably at about 75 per cent, why would investment leap in 1986?

The Budget is based on supply side economics, the trickle down effect, which even the Reagan administration abandoned long ago.

Our real problem in Canada is the millions of dollars worth of goods and services we are not producing. The Budget does not address this. There is no agenda for economic growth which creates jobs. Instead, the Government has chosen to rely on a tax grab from low and middle income earners.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, as usual I appreciate listening to the comments of my colleague, the spokesman for the Liberal Party. As usual, she had a number of interesting and thoughtful reflections on where the country is not going and so on. I listened carefully to the Minister of Finance (Mr. Wilson) when he introduced Bill C-51, an Act to provide Borrowing Authority. He is asking us to approve today in principle the borrowing of $18.2 billion. Even for yourself, Mr. Speaker, you will appreciate that is a lot of change. When we are talking about $18 billion, we have a number of points to raise and questions to put to the Minister of Finance in order for us to endorse this request.

While the Minister of Finance has asked us for speedy passage of this Bill—we have no intention of holding up a borrowing authority—we have some comments we wish to make. I think it is fair to say that if we took a day or two to