

from his former negotiations as a labour leader. There are two tactics a lawyer will accept; one is to confess and avoid and the other is simply to traverse. The minister did not traverse this afternoon because he indicated there were problems. In other words, what he did was confess and avoid.

[Translation]

He ignored the attack. He did not reply to the attack from the hon. member for Temiscamingue. He confessed, then ignored the attack: such are the tactics of a good lawyer. I pay him that compliment. After all, it is the last good thing I will say about the government—

[English]

The hon. member for Temiscamingue said that to live decently is a problem of distribution, that the cause is simply a lack of purchasing power. I am not going to indulge in any dialogue on Social Credit theories, but it seems to me that in his simplistic way the hon. member simply glossed over these problems and made the solution look terribly easy. How do you cure the lack of purchasing power? He did not tell us.

First of all, is it by taxation, by transfer payments? Let us consider the extent of the transfer payments. Do you know that in 1967, according to the statistics compiled by the Dominion Bureau of Statistics and a commentary by the Canadian Tax Foundation, out of total disbursements by the governments of Canada in the fiscal year 1967, amounting to some \$21,200 million, about 41 per cent was in the form of transfer payments and subsidies from governments to individuals and groups? In other words, a little over \$8 billion was in the form of transfer payments and subsidies.

The proposer of the motion said that you cannot simply tax the haves and give to the have-nots, because soon you will have all have-nots and no haves, and this is the end. But are we going to tax everybody and to what level should we tax? This is the question. To what level are we going to reduce taxes?

● (4:40 p.m.)

I have heard some advocates among social workers who talk blithely about a guaranteed annual income and who say that no man is entitled to an income more than five times greater than that received by the poorest man in the world—in other words, an arbitrary figure. Is that what this policy would be

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based on? Is it going to be based simply on the fact that each of us should receive according to his needs regardless of his production? If so, a married man with three children says, "I need so much" and every Monday, every second Monday or every first of the month there is placed in his credit in some form of account so many hundreds of dollars. By whom? By the government. How do you determine that he is entitled to this and that his neighbour, who may work twice as hard and have a greater income, is not entitled to the same payment? Are you going to take everything away from everyone and then say, "You need so much, we will give you so much"? We have to speculate on precisely what was meant because nothing was indicated. The point is, how does one achieve this distribution?

In my opinion one of the greatest obstacles to proper distribution is the excessive taxation practised by this government which keeps piling on taxes. It is possible that on the evening of June 3 we shall hear more about this question. The Secretary of State for External Affairs (Mr. Sharp), who is listening to this debate, in 1967 brought forward a budget containing tax increases. We are being taxed to the level of government expenditures. Why? The reason given was that we were going to balance the budget in 1968 by virtue of certain cut-backs in expenditures. Those cut-backs were as phony as a \$7 bill; they were merely paper exercises. We heard about cut-backs which would save several billions of dollars. This figure was reduced to \$1.5 billion, and expenditures were eventually brought down to a figure in the neighbourhood of \$10 billion when the figure was always going to be under \$10 billion. This exercise of blue-pencilling figures on a sheet of paper makes good copy.

Then we had an increase in taxation, the 3 per cent surtax. The chief whip on the government side will always remember with embarrassment that we were told the government was going to balance the budget. What happened? By last October we had a budgetary deficit of over \$700 million. The government is spending a great deal of money, and these were primarily transfer payments. Then the estimates were introduced, and instead of cutting back or even maintaining the level of expenditures of the government we found there was an increase of \$880 million in expenditures over the previous year. What will we be told on June 3? Will there be further taxation to take us up to the level of