

Income Tax Act

with the amendment proposed by the Minister of Finance, will be no better off than before.

Mr. Chairman, this shows way that the bill before the House will not solve the present problem, since the minister himself agrees to lower personal income tax by 3 per cent and corporate income tax by 7 per cent.

Mr. Chairman, that is an example of what I call administrative manipulation of our fellow citizens' tax, which really amounts to nothing, an aspect which I did not have time to deal with this afternoon. That is why I wish to speak once more.

I should like to emphasize that the government has two sources of financing: the taxpayers' money, increasing from year to year, and the loans raised in foreign countries. That is how the government finance their administrative expenditures, according to their own priorities.

Now it has been proven that taxes keep on rising from year to year. The government may say that is normal since their expenditures also increase. But as the Canadian taxpayers are unable to fill in, with their income and taxes, all the public administrative expenditures, the government for the past ten, twenty, even a hundred years, let us say since 1967 at least, has had to borrow money abroad in order to finance this country, which means, if I quote the title of the publication "How your tax dollar is spent", that we come to the following result:

(9:30 p.m.)

Canada's public debt amounted to \$38 billion in October, 1970, and the Minister of Finance has forecast new government borrowings of \$1.9 billion in 1971-72 to cover an anticipated \$600 million deficit in the fiscal year, and a \$1.3 billion net cash requirement for non-budgetary investments such as housing, transportation, and loans to developing countries.

Incidentally, it must be noted that the government admits that the money it lends to foreign countries at a low interest rate is money it has borrowed itself from other countries at a high rate. Anyway, that is not the question. In fact, at this time, the government anticipates a \$600 million deficit and will have to borrow \$1,900 million. That deficit has to be made up one way or another. The government borrows from other countries.

On the other hand, they say that they will borrow from those sources \$1,900 million to pay non-budgetary expenses. Both amounts come to more than \$1,900 million, plus \$600 million, which means that we now arrive at \$2.5 billion. These are debts, borrowings made this year for the 1971-72 fiscal year.

According to last week's estimates, this debt will be increased by almost \$1 billion. We now have almost \$3 billion. The debt amounted already to \$38 billion. The service of the public debt, that is interest and capital payments on the public debt, will cost \$1.995 billion in 1971-72, or, in other words, 14 cents on each dollar paid to the federal government. That is what is said in this government pamphlet.

Mr. Chairman, I say this is pure demagoguery in a certain way. This is a monumental joke. This is the way we are administered. On the one hand, Canadian taxpayers are in debt up to their eyes and overtaxed, and on the other

[Mr. Fortin.]

hand, the government increases its expenditures. Borrowings are increased so that in order to pay the interest on its debts, the government falls back on the taxpayer, increases the income tax to pay for those borrowings and the interest, which means that at the present time, excluding the two and one half billion dollars deficit predicted, we lose 14 cents on every tax dollar.

There then, Mr. Chairman, is the overwhelming proof that the income of Canadians, on the whole, is burdened by the public debt accumulated by successive governments, liberal as well as conservative. This proves that the most inflationary factor is the progressive indebtedness of governments. We speak of federal government debts, but we could speak as well of the debts of the provinces, municipalities and school boards. The taxpayers must, through their taxes, pay the interest and the principal on those debts, on all debts, municipal, school, provincial and federal so that finally they get discouraged because there is no end to it.

Yet, financing the development of our country would be simple if we turned to the financial institutions we have, such as the Bank of Canada; the Canadian taxpayers would save that much.

It will be said that it is the miracle solution, the stupid solution of the Cr ditistes. However, nothing proves that the present system is not absurd. Indeed, it is inflationary, while the one we advocate is not. When it is suggested that Social Credit will create inflation by using Canadian financial institutions, it is not true, because inflation exists at the present time. Social Credit is the solution which does not lead to inflation.

What difference is there between \$7 coming from the United States and Europe or \$7 from the Bank of Canada, if both amounts are based on Canadian development? The big difference just the same is that the \$7 from the Bank of Canada will be reimbursed only once, since the amount is lent to the Canadian people while the \$7 from the United States or elsewhere must be repaid with interests. As a result, the taxpayers through their taxes will have to pay three bridges to big business and one to themselves, three trans-Quebec highways to big business and one to themselves, three Trans-Canada highways to big business and one to themselves, three James Bay projects to big business and one to themselves, four Quebec Hydro, at the very least, given the interests and the indebtedness that this corporation has contracted with the Americans, and one Quebec Hydro to themselves, all this according to the wishes of politicians of the old school, so as to become masters in our own house.

Mr. Chairman, are we masters in our own house, when we are kneeling in front of big business to ask them for permission to breathe in our own country?

Mr. Chairman, this means that as we are discussing Bill C-259—more than 710 pages on how to tax our fellow citizens—we ought to question the financing system of this government so that the latter will add a third source of financing. If the only sources of financing for this government are loans and taxes, it should add a third one, the Bank of Canada, in order to finance the public sector of Canada.