

● (4:00 p.m.)

I would have liked to have seen the minister do something in the budget by way of a tax cut for the lower income groups. The injection of money there would have been that much more quick and effective. For instance, there could have been a 6 per cent reduction in personal income tax for all income classes, which would inject \$325 million. If it were for those earning less than \$6,000 a year, it would require \$87 million in tax forgiveness. A 10 per cent reduction in personal income tax rates for those earning less than \$6,000, would inject \$140 million.

If the minister wanted to do something that has been advocated from both sides of the House—and I know that a number of government supporters are in favour of it—he would have reduced the sales tax on building materials. I say “reduce” because I think that in the light of the changes that are being proposed for old age income security and the GIS, one must leave 4 per cent of the sales tax paid into the old age security fund inviolate at this time. Therefore, I say that the minister could have reduced the sales tax on building materials to, say, 4 per cent. The total tax take now under the reduced building program is in the neighbourhood of \$225 million, so it would only be about two thirds of that amount which would be injected into the economy or given up out of revenue.

Mr. Perrault: Provincial revenue as well?

Mr. Lambert (Edmonton West): I am not talking about the provinces. The sales tax program with regard to building materials starts here. I will not engage in the practice of giving provinces certain advice. If they see fit to remove a portion of their sales tax from building materials, I think the Canadian nation would benefit thereby.

Mr. Perrault: Hear, hear.

Mr. Lambert (Edmonton West): I will only advise the government in whose House I am a member, not the others.

The third thing I would do is to remove uncertainties in the export market. There are a number of other incentives that could have been considered. Many of our export industries are now having to enter into long term agreements based upon a floating Canadian dollar. Because of the threat of the repegging of the dollar, they are unable to engage in the market in normal hedging operations. They cannot lay off and buy forward because the dollar might be pegged back at 96 cents or 97 cents, where it is readily defendable under the present circumstances. Ask the lumber industry, ask the auto parts industry and ask a number of other export industries just how easy it is to do business. Ask the heavy chemical industry where lay-offs by the hundred are taking place. We will have to consider what has been happening to the Canadian economy. It has been receiving some heavy body blows during the past years, many of them because one step was not related to another.

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The minister thought he was going to fight inflation by accelerating the tariff cuts with regard to the Kennedy round. A number of industries were going to be barely able to keep alive on the basis of the cuts over the five years. The knife was being shoved into them slowly. Ask the heavy chemical industry, ask the fine paper industry and ask some of the others what is happening to them. Their position is exceedingly difficult as a result. First of all, they face heavy additional competition on the domestic market; second, their prices are greatly accelerated by reason of the unpegging of the dollar and the uncertainty as to when the dollar may be stabilized. It is not that I am necessarily an advocate of a pegged dollar, but we happen to be part of a team that is working in the International Monetary Fund. We all subscribe to the Breton Woods Agreement; we are all signatories to it, but twice now Canada has seen fit to say “I am going to take the ball and I am going home”. If everybody else did the same, what would happen?

I will ask hon. members whether any of them remember the absolutely nonsensical and suicidal international financial battles that were waged in the 1930's when we had completely unrestricted currencies.

Mr. Laing: R. B. Bennett.

Mr. Perrault: Your hero.

Mr. Lambert (Edmonton West): At that time the Canadian dollar was caught in the same position as other currencies. Of course the Minister of Public Works (Mr. Laing) is talking through his usual hat. I would like to see him rise to his feet to give a reasonable and reasoned argument regarding the condition of moneys in the 1930's and subsequently. Let us look at what happened to England, France, Germany, Italy, Japan, and all the others. Now, there is a considerably greater stability at the present time, but it is at a fearful price as the Canadian government for certain reasons sees fit to sit on the outside of the international monetary agreement.

I would have liked to have seen the government make some proposals to expand the incentives with regard to pollution control machinery, both for municipalities and industry. There is something that will accomplish several things. It will help to control pollution, and certainly people are worried about that today. We know that industry and government have to have some help in order to achieve that control. That would have been a proper step because, in addition, employment would have been provided both in the production of machinery and the operation of the plants.

Certainly we could have renewed or expanded the system of incentives for sewage treatment that existed some years ago by introducing a forgiveness feature into any grant system, as was done at that time, so as to assist the municipalities to deal with the effluent that comes from their sewage systems. This is one of the worst sources of pollution, and yet little or nothing is being done to assist municipalities in dealing with the problem.