

### Taxation

the room to cut appears small. In terms of taxpayers' dollars, there is plenty of room.

Notwithstanding ministerial statements about restraint, operating costs have increased by 37 per cent over the last two years. Why has that occurred? If these costs had increased only at the target inflation rates of the controls program, which were 8 per cent, and 6 per cent, federal budgetary spending would be \$2 billion lower than it is now.

On February 2, 1978, we presented a motion which would give committees the power to examine all government departments and their expenditures, as well as the introduction of sunset laws. Nothing is being done in Canada about various programs. Once a program is established, whether provincial or federal, it carries on to infinity. Every government program does not have to continue for all time. They should be reviewed, along with the functions of all governmental departments. They should be reviewed to ensure they are still necessary and should carry on. Once a program is commenced—

**The Acting Speaker (Mr. Turner):** Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

**Some hon. Members:** Agreed.

**Mr. McKenzie:** In closing, personnel expenditures account for close to 60 per cent of operating costs. These expenditures must bear the brunt of expenditure cutbacks. Firings or layoffs in the public service are not required. A new hiring freeze, in conjunction with a policy of not replacing staff who resign or retire, would reduce on-strength personnel by more than 20,000 per year. Military personnel, prison guards and the RCMP would be exempt. The staff reduction program would apply to the remaining 470,000 in the employ of the federal government.

Further savings can be achieved over the medium-term by sunset laws and zero-based budgeting. Some of the nearly 400 federal Crown corporations can be dismantled, integrated within departments, or sold to the private sector. Non-budgetary or borrowings of Crown corporations must be curtailed, especially where the interest rate does not reflect market conditions.

The only federal department, Crown corporation, or agency which has shown any leadership in attrition has been Air Canada. I heard no objections from anyone in Canada when Mr. Claude Taylor, the president of Air Canada, announced that he was going to implement an attrition program within Air Canada. He reduced the staff by over 2,000 people during the last two years, taking into account deaths, early retirements, and what have you. The net result is a more efficient airline which is making a profit. We should follow the example of Air Canada. When the president of Air Canada announced the attrition program, I heard no complaints from the New Democratic Party or the Liberal party. In fact I received one complaint from an Air Canada employee who did not like where he was being moved. That was the only ruffle I heard. If

[Mr. McKenzie.]

it can be done in Air Canada, certainly it can be done in the various departments of the federal government. We must get started now.

**Some hon. Members:** Hear, hear!

**Mr. Max Saltzman (Waterloo-Cambridge):** Mr. Speaker, having listened carefully to the remarks of the hon. member for Winnipeg South Centre (Mr. McKenzie), in conjunction with the previous unfounded charges made against members of the House, I should like to indicate that this is not a good day for the Conservative party.

● (1552)

I found it very very difficult to understand what the hon. member for Winnipeg South Centre was trying to say on behalf of the Progressive Conservative party. He quoted a lot of things, and I presume he intended them to leave some kind of impression or message. As I listened to him I kept thinking that when Sir John A. Macdonald was trying to put this country together he must have listened to people like that. There must have been people who said, "Why create Canada? Things are so much better in the United States. Look how much better off we would be if we stayed with the American colonies instead of trying to create a separate country."

There are obviously advantages to being an American, Mr. Speaker, but there are advantages to being a Canadian as well, and I think the advantages of being a Canadian far outweigh the disadvantages.

**Some hon. Members:** Hear, hear!

**Mr. Saltzman:** The only conclusion I can come to is that some people say, "Isn't it great to be an American rather than a Canadian" and poor-mouth this country for everything we have tried to do. It may be true that some of our taxes in this country are higher, but it is also true that we have things in this country of which we should be thoroughly proud. To a greater extent than the United States we have brought in programs which have benefited many of the small people of this country.

I sometimes wonder for whom the great Progressive Conservative party speaks. Is it only for the rich? Are there no poor people who vote Conservative? The argument they are making is really an argument against progressive income tax. Let me show by example the kind of virtues they hold up in the United States and encourage us to adopt.

In showing us how much better things are in the United States than in Canada, the hon. member for Winnipeg South Centre used a table—and I think it is fairly accurate—which illustrated that at the \$8,000 income level in the United States they pay 17.3 per cent less taxes than Canadians; at the next level it is 19.1 per cent less taxes; at the next level, 22.9 per cent less; at \$15,000 income in the United States compared to Canada it is 27.3 per cent less taxes, and at the \$25,000 income level it is 36.3 per cent less taxes than in Canada. That is what he is holding up as an example.