

Proposed Committee on Unemployment

Then the hon. member left the question of full employment and turned his attention to a subject that we all realize is dear to his heart. That is the subject of high taxation. He made the point that high expenditures mean high taxation; and he made what I thought was a rather extraordinary statement, that all these taxes—I think he said it was 21 cents out of every dollar earned by Canadians—were being siphoned off, and left the impression that by some mysterious means those funds disappeared, and left the economy altogether. Because he said that all this money goes out of consumption, that it is taken out of the hands of the people who would use it; and he left the impression that this was a net loss to the economy.

Well, of course, the fact that a person who earns an income has to pay some to the government means that he does not himself spend that money on consumer goods, on investments or some other purpose he might have in mind. But the point the hon. member apparently wishes either to ignore or to forget is that the money that goes to any government—federal, provincial or municipal—in taxes, and which is withdrawn from the taxpayer for governmental purposes, does not disappear. It does not go out of the economy. It has got to be used by the government that gets the money to meet its expenditures. And those expenditures are the buying of supplies, the paying of wages, and the paying of the bills for all the things governments require. And certainly in the case of the federal government many hundreds of millions of dollars of that tax money go directly back to the consumers in the form of pensions, family allowances, unemployment insurance and all that sort of thing. It goes into the ordinary stream of the economy, just as if it had never left the hands of private individuals.

My point is simply this, that when the hon. member complains about high taxation, and the fact that people who have high incomes have to pay high taxes, he is offering a perfectly valid argument, because nobody would defend high taxes as such. Certainly the government and its supporters would be the last people to want to maintain high taxes or to maintain taxation at any level higher than required.

Mr. Fleming: But that is what they have done.

Mr. Dickey: But to try to argue that the money collected in taxes somehow or another mysteriously disappears, and does not have the effect of continuing demand in the country, and that it is completely lost, is, I suggest, absolutely incorrect. It is not a

matter that has any relevancy in this debate or to the underlying causes of the unemployment situation with which we are faced.

Mr. Macdonnell: Would the hon. member permit a question? Is he, in effect, advocating high taxes as a cure for unemployment?

Mr. Dickey: No; I was just coming to that. I was dealing with a particular argument, one which I presume the hon. member who has just asked the question heard, and with which he either agrees or disagrees. But the point the hon. member for Moose Jaw-Lake Centre was trying to make was that high expenditures requiring high taxation were bad for us at this time, and that they were contributing to unemployment.

The question of high expenditures was dealt with by the Acting Prime Minister (Mr. Howe) the other evening.

Mr. Rowe: Before the hon. member leaves that part of his speech would he permit me a question?

Mr. Dickey: Yes, certainly.

Mr. Rowe: Does the hon. member imply that the government can spend money they take from the people as efficiently as private individuals can spend it?

Mr. Dickey: Well, Mr. Speaker, it depends upon the individual.

Mr. Rowe: And it depends upon the government, too.

Mr. Dickey: And the government, yes. And I think the hon. member will admit that the government's record in expenditures has been—

Mr. Fleming: Profligate.

Mr. Dickey:—exceptionally good. The hon. member does not support expenditures on family allowances for example, as we do; but we believe in them.

Then the hon. member for Greenwood (Mr. Macdonnell) asked me if I thought high taxation was the answer to unemployment. I certainly would not for one moment try to suggest that it is. But I do think that government expenditures are and can be a partial palliative to unemployment; and if the hon. member does not agree that government expenditures are useful in that regard, then I presume he would suggest that the way to meet unemployment would be to reduce government expenditures. Well, that of course was the solution that was tried early in the thirties by the Right Hon. R. B. Bennett, and I think we all know the extraordinary success that it met with at that time!