

The Budget—Hon. M. Lambert

[English]

I have here in English and in French the appropriate number of copies.

I am told that in the interpretation my colleague who seconds my motion was misnamed. He is the hon. member for Calgary Centre (Mr. Harkness), not Calgary South (Mr. Mahoney). I apologize if there was any confusion. Do you wish to put the question, Mr. Speaker?

• (3:10 p.m.)

Mr. Speaker: Perhaps the hon. member should continue his speech, because the moment I put the question he may find some difficulty in pursuing his remarks.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker. Now we look to see whether this government has been handling its finances in the proper way and whether the country believes it is dealing effectively with the problem of inflation. I would say its record is so appalling that even the government's own political supporters will not give it their approval. The Canadian Institute of Public Opinion reported during the first week of June that only 24 per cent of the Canadian population approve of the way the government is managing the economy. This is in contrast to the situation in other years, in 1959, for example, when less than a third of the population—31 per cent—expressed dissatisfaction with the government in this respect.

In both Ontario and the west only 28 per cent are satisfied with the government's feeble attempts to control inflation. What is more, this lack of approval extends most strongly to the very province from which the government is supposed to derive its strongest support, that is,

[Translation]

the province of Quebec, where 17 per cent of the people have been consulted and, according to them, the government now has satisfactory control over the economy.

[English]

The remainder, 83 per cent, fail to join the great shouts of joy which government backbenchers have been raising both here and in the country for the Minister of Finance. Liberals outside the house are almost equally divided between those approving of the government's action and those disapproving. And

there is another 27 per cent who are obviously ashamed of the performance but who content themselves with saying they have no opinion. Only 37 per cent of all Liberals approve the action of their government in managing the economy.

Now let us look at something which was not affected by this budget except to the extent that it continues, namely, the 2 per cent social development tax imposed on October 22 last. This tax has been attacked as being regressive. I do not intend to comment upon the decision of the house when it approved the last budget, but in any event this tax is regressive for two reasons. First, we shall continue to protest about the ceiling provision. It would have been open to the minister to remove that provision at the present time. I intend to show that had he done so he could have raised a further \$100 million on the basis of the estimates of income and that he could have left us alone with regard to other taxes. The maximum \$120 payment makes the effective tax rate lower for those with incomes above the cut-off point. The cut-off level ranges from \$7,100 for single persons to \$10,500 for a family of more than seven persons. For a family of four, the cut-off is \$8,700—the level the Prime Minister (Mr. Trudeau) was thinking of when he said they did not want to discourage people, that is, over \$10,000.

It is odd that though the social development tax, in other words, medicare, sets the income ceiling for a family of four at \$8,700—in other words, they are paying maximum tax at that level—one is not entitled to buy a house under the National Housing Act if one's income is below \$8,000. This shows the inconsistency in the thinking of the government. The impression has been given that the cut-off point is reached at an income of \$10,000. This sounds good, but on the basis of the figures I have been able to examine the cut-off point really comes at about \$8,500. Yet, as I say, \$8,000 is the figure below which the average family cannot buy a new N.H.A. house with the maximum term of repayment and under the most advantageous conditions.

This tax is still regressive. If it were extended through the removal of the ceiling, incidence would rise as income increased, assuming increasing ability to pay. After all, income tax is applied on the basis that the more you earn the higher the rates. Some people say this discourages incentive, but that is another argument. What we have is a system based on progressive income tax. This is a social development tax—medicare, and, I