

Supply—Manpower and Immigration

Knowing this government's reluctance to compromise with its divine right to be extravagant, one can only assume that it will raise taxes, adding a further burden to the economy and further reducing the productivity of the nation. It is quite evident, in view of the answer given to my colleague the hon. member for Perth the other day when he asked the Minister of Finance whether he intended to bring in another budget, that the minister is seriously contemplating doing so solely in order to increase taxes. I say this is evident because of the inconclusive answer given by the minister and the hesitancy with which he gave that answer. I notice that the Minister of Manpower and Immigration has left the chamber for a moment.

An hon. Member: He is behind the curtain.

Mr. Starr: I apologize. I should like to call the attention of the Minister of Manpower and Immigration to the fourth annual review of the Economic Council of Canada. It deals with economic policies on page 258. I quote as follows:

The second basic strategy of economic policy, strengthening the supply and productivity capabilities of the economy, should involve such things as these: measures for promoting greater efficiency, competition, manpower mobility, training and education, and more ready adjustments to technological and other change—

The minister is no doubt familiar with the recommendations with regard to increased adult training as a means of contributing to increased productivity and output. I feel that these matters cannot be too strongly emphasized because there is every evidence that this government is completely unconscious of the vital importance of improving productivity. They even abandoned and disbanded the productivity council we set up. It was making great headway toward reaching the goal of increased productivity.

So far as this government is concerned, productivity seems to be a bad word. Productivity simply means producing at a cost that will enable us to compete in world markets. Anything which adds to the cost of production is anti-productivity. Anything that reduces the cost of production is pro-productivity. Nothing has added more to cost of production in this nation than the economic policies of this government.

The Minister of Finance, referring to the removal of the 11 per cent tax on production

machinery and equipment on October 4, said as reported on page 2811 of *Hansard*:

The removal of the sales tax on production machinery and equipment is an important measure to help achieve lower costs of production—

• (4:10 p.m.)

Who imposed that tax? If its removal helps to achieve lower costs, what did the imposition do? It increased costs, and yet the same government imposed it just a few years ago.

Mr. Sharp: We did it because of the mess we found when we arrived.

Mr. Starr: There was no mess. When the Liberal government arrived things were good. All you did was to throw the money of the taxpayers around as if it were water. Now you find yourselves in a mess and you will have to take drastic action by increasing taxation.

Mr. Sharp: We found this country in a financial mess.

Mr. Starr: The imposition of the 11 per cent tax raised the cost of production all along the line and helped bring about a reduction in productivity, about which most authorities in this country and elsewhere, including the International Monetary Fund, are warning this nation in most positive terms.

Mr. Sharp: Has my hon. friend forgotten the exchange crisis in 1962 and 1963?

Mr. Starr: Certainly not, but what did this government have prior to that time? Nevertheless, when it happened we tried to rectify it.

In the report of the Economic Council of Canada at page 259 there is another reference to the economic inequality existing in eastern Quebec and the Atlantic area. This is not something new. We have been speaking about this for three years but the government has not been listening. It has been dabbling with this problem because it has the reputation now of being a government of dabblers. As a matter of fact the situation in eastern Ontario, western Quebec and the Gaspé, the Lake St. John area and in the greater part of the maritimes is a grave national problem. Recently the government locked out the farmers when they came to parliament. This is the first time such a thing has been done in Canada to Canadians by a Canadian government. It almost made one