

Income Tax

the taxpayers, and do something about the financial problems of the nation.

● (1550)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on February 6 the hon. member for Northumberland-Durham (Mr. Lawrence) moved a motion which the Minister of Finance (Mr. Turner—in view of the answers he gave today to the hon. member for York-Simcoe (Mr. Stevens) today—has forgotten. I am suggesting that the minister has forgotten the amendment.

Mr. Alexander: He hasn't even read it.

Mr. Baker (Grenville-Carleton): Perhaps I should repeat its substance, as the minister has such a poor memory. It asks this House to decline to give second reading to Bill C-49 because it fails to provide for a further 5 per cent reduction in personal income tax in 1975 and subsequent taxation years. A few moments ago the hon. member for York-Simcoe asked the Minister of Finance to tell this House and the country why the government is refusing to implement such a tax reduction. He asked the minister to reply clearly, without ambivalence and without evasion. I listened to the minister and his reply was not relevant.

I invite the minister, or someone speaking on his behalf, to explain what is wrong with putting back into the pockets of the people of this country about \$500 million which will be taken from them. I commend the hon. member for York-Simcoe and the hon. member for Northumberland-Durham for prevailing upon Mr. Speaker to put the Parliament of Canada into the position—this has not happened for many a day—of asking the Minister of Finance, "Why shouldn't this be done?" We ask, why will the government find it so difficult to vote in favour of this very sane and sensible amendment? That is the question the minister and every Liberal backbencher must answer, and it is the question which the Minister of Finance has refused to answer.

The people of Canada will look closely at the vote on the amendment. Rest assured, they will applaud the Minister of Finance if he absorbs the idea put forward by the opposition. After all, he has absorbed other ideas of the opposition. Mind you, we may laugh a little out of the sides of our mouths, but nonetheless we will applaud the minister for seeing reason. Think of what such a reduction will mean to most Canadian taxpayers. Their tax savings will range, I understand, from \$60 to \$150 in 1975 alone. Think of the stimulus this will give our manufacturing industry. Think of the boon to our housewives. Surely the government is not so allied with the financial powers of this country that it cannot see the wisdom of pursuing a course which will benefit the people. After all, it has espoused the cause of the people in its public utterances.

The proposition we have put before parliament is simple: if you want to cut government expenditures—and they are an important aspect of the inflationary psychology of large groups in this country—we say that you must limit them in a responsible way. That is the substance of our amendment. Nobody has said that the opposition is wrong. The Minister of Finance was on his feet a few

[Mr. Blackburn.]

minutes ago; he did not say we were wrong. Surely we are right.

I have authority for my statement, Mr. Speaker, and it is no less than that of the C. D. Howe Research Institute which published a book entitled "Restructuring the Incentive System". The book says, on page 39, that the upward trend in uncontrollable spending, meaning government spending, has risen from 50 per cent of gross spending in 1964-65 to over 57 per cent in 1974-75. It says, further, that certain entrenched programs are provided for by legislation. Because of the existence of these programs, the costs of which are indexed, and because of inflation, government spending has gone up. The obvious corollary of this increase in spending is that controllable spending has been shrinking so that it now represents only about 42 per cent of government activity. In other words, the policies of this government are narrowing the proportionate amount of discretionary income available to Canadians. We hope the Minister of Finance will correct this situation. We of the opposition say that the government's first obligation is to limit its revenues.

One hears people talking of government spending and people on all sides of the House talk about salaries and wages of public servants. I have even heard people talking about freezing the pay of public servants in this country. Public servants have come to me when they have been affected by programs which are related to the wrong things. The fact is that according to any statistical analysis, wages and salaries in the public service have risen at a rate not exceeding 9.4 per cent since 1964-65—a rate which is much lower than the rate of growth of total government spending. So it is not proper to blame increased government costs on ever larger public service wages and salaries. Public service income has not been a major contributor to the problem, and I doubt if it has contributed at all.

What has contributed significantly to government spending, to the growth of programs which might be curtailed, is that for better or for worse—and as far as the people of Canada are concerned it is for worse—the government is stricken with the disease of "ad hockery". It corrects one difficulty with a band-aid and then puts another band-aid on another difficulty. There has been no long-range planning for ten years, not since this government took office; that is the reason. If the hon. member who is interrupting is trying to say they had some difficulty after 1963—which I do not admit—they have had ten years to fix it up. They certainly did not do it. In fact, they have made our position in this country a great deal worse.

● (1600)

A few moments ago the hon. member for Brant (Mr. Blackburn) spoke about what he hears in his constituency office and reads in his mail. The fact is that despite all the chrome, the two cars, the ability to buy fuel for them, the good clothes, the theatres and everything else, in terms of what the working man has left to spend on himself and his family he is not as well off as before.

There is a duty on this parliament and this government to consider those programs which the C. D. Howe Research Institute, for the benefit of this government—and heaven knows they need it—indicated as areas of controllable