

The Budget—Mr. Otto

same manner as is done with our pension plan, because people are worried about inflation. So long as people are worried, they will continue to buy land they do not want because to them it is better security than gold.

May I say to the minister that in order to obtain what is requisite for the new society, while still maintaining freedom and free enterprise, between now and the time of his next budget he might look at the problems I have raised. He might look at the question of corporate taxation and, in fact, all taxation in fields where we want people to invest money. In other words, can we not provide some exemption where profits are invested to buy back United States shares or shares in new industries? It seems to me, sir, that what is being done is that we are taking the cash value in taxes and leaving the taxpayer without the money to invest. If we want the Canadian taxpayer to invest in industry or in shares issued in Canada, surely an incentive ought to be provided for him to do so.

I also wish to mention the question of capital gains. In this country we have capital gains and we have taxable profits. I have my doubts that there is really much distinction between them or that capital gains induce speculative investment. I think that the minister could well look into this whole question to decide whether all profits should be taxable or whether consumed profits should be taxable regardless of whether those profits were made with the intention to profit. There are many arguments in law respecting this that now might no longer be applicable.

May I also say that it is time to look into the question of expense account living.

Some hon. Members: Hear, hear.

Mr. Otto: I cannot really say, sir, from my experience that expense account living has added to efficiency. Surely when you come right down to it there is no substitute for hard work in producing a good product. There is turmoil and confusion as to what is and what is not deductible and what is and what is not spent for business. I think that we should have a clean sweep across the board in this respect.

● (4:40 p.m.)

I do not think we can give Canadians everything they want and everything they should have under the old fiscal arrangements or under the ideas now held by those agreeing with John Maynard Keynes or economists who think as he does. I think something new will have to be worked out. I

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think the department will have to seek out new avenues. In fact, the minister will have to take the lead in setting the course toward what all Canadians want—greatness in a new society.

Mr. William Dean Howe (Hamilton South): Mr. Speaker, we have heard a great deal in recent days about Canada's problems in respect of productivity. We have been told that our productivity has nearly reached its upper limit and that because of this we must expect a continued swift increase in the cost of living. Some aspects of our productivity problems have been covered by the second annual review of the Economic Council of Canada, but one quite interesting factor has been generally ignored.

It is customary to deplore the loss to our economy through strike action, and we find that in 1963, 917,140 man-days were lost to our economy. In the same year, 100 million man-days of labour were lost because of illness, over 100 times as great a loss. This loss represented 3.8 per cent of the gross national product of that year or over one and a half billion dollars. If we assume a continued 3.8 per cent loss, the figure for 1965 comes to at least \$2 billion. We must also consider the loss through those who continue to work while their productivity is lowered because of illness.

It is obvious that not all of this illness is preventable but I think it is safe to say that at least 10 per cent of it could be avoided with increased availability of medical care. Such a reduction would represent a gain to the economy of at least \$200 million. It is also obvious that the institution of government-sponsored health care would have a very salutary effect upon our productivity. It is also the necessary first step in our war on poverty, sadly neglected in this budget.

It is frequently and vociferously stated that adequate medical care is available to every Canadian, and while this may possibly be true in theory it is simply not so in practice. It can readily be shown that the poor are also the sick and that they do not get the same medical care as our more prosperous citizens. To quote Dr. George James of the New York City Department of Health:

The poor cannot pay for adequate medical care; consequently, they are more likely to be ill, and unable to work, at least at top efficiency; consequently, they make less money and become less able to pay for medical care. As a result, they are more likely to be sick and therefore they get poorer.