

Income Tax Act

any such surtax as is now proposed inadequate and inappropriate.

It has become very clear in the past few days during discussions at the constitutional conference that the provinces are fed up with the federal government's whole approach to these programs. In the first place, most of the provinces feel that they were coerced and cajoled into embarking on these programs against their better judgment, and before they could hope adequately to sustain them from the restricted tax revenues available to them.

Both Premier Thatcher of Saskatchewan and Premier Robarts of Ontario made it clear they wanted no more such programs foisted on their provinces before the tax base was widened sufficiently to accommodate them without financial crises developing. To my mind, that is the whole answer to the question of managing and financing the very broad, very generous and very expensive social welfare programs we already have in this country.

The tax base must be extended. In other words, new tax dollars must be harvested. As things now stand, we simply do not receive a sufficient yield from the existing tax base of the nation to sustain all those programs we wish to enjoy. In my opinion, a surtax is no answer. A surtax is simply squeezing the goose a little more in the hope of getting one more tiny egg of gold. We should be trying to raise more geese and upping their production. One more squeeze by the Minister of Finance and the old Canadian tax goose may just expire. Certainly, a federal surtax on income is not going to help the provinces pay their share of the mounting costs of administration of many of our existing social welfare schemes. It may help the federal government in some small measure, but the provinces are left to shoulder their responsibilities while shackled by the same restrictions to the same tax base.

I believe there are only two ways in which we can hope to meet the rapidly accelerating costs of our medicare, hospital and other welfare programs. The first is by better and more economical management of them and, second, by broadening our national tax base through a concerted program of national expansion and development. I cannot believe that merely juggling figures in the national books or pyramiding taxes on taxes will meet the problem.

Canada, under this administration, is like a working man on a severe diet, living off accumulated fat slowly approaching the

point where any benefits from losing weight will be overshadowed by loss of energy, inability to carry on productive work and permanent damage to the body. If Canada is to do all the work it wishes to do, in this instance carry a full load of cradle-to-grave social welfare programs, then it must feed the national body with increasing intakes of national taxable assets.

Unless we take this more positive and more dynamic approach, Mr. Speaker, I am afraid Canada faces economic starvation. It would be ironic if, through pursuing our present short-sighted course, the state ended up by being the one in greatest need of social assistance.

Mr. John Gilbert (Broadview): Mr. Speaker, the purpose of Bill C-139 is to extend for one year the 3 per cent surtax on individuals and corporations which was imposed in 1968. Hon. members will recall the history of this surtax, Mr. Speaker. At one time the government attempted to impose a 5 per cent surtax, but that bill was defeated. That was a 5 per cent surtax on individuals. After various attempts by the government to reimpose the tax, they came up with the compromise of a 3 per cent surtax on individuals and corporations.

Hon. members will recall that the then minister of finance, when introducing that bill, said it was not for the purpose of greatly increasing revenues but for the purpose of stabilizing the economy. When this measure was first introduced in 1968, it applied to 1968. The government is now asking for a further extension to 1969. There has been very little evidence of stabilization in the economy as a result of the imposition of that particular tax. I recall reading the report of the Economic Council of Canada back in 1955 which stated that the economy of the country should be headed in three main directions: First, the direction of full employment; second, the high rate of economic growth and, third, reasonable stability of prices.

When we look at the first aim, that of full employment, we recall that the Economic Council of Canada recommended that at no time should the unemployment rate in Canada exceed 3 per cent. At this time we find there is a surplus of unemployment and the seasonally adjusted rate is now over 5 per cent, with regional disparities in the Maritimes, Quebec and New Brunswick. The trend appears to indicate there will be a further increase in unemployment during the winter months. Therefore, the policies of the government, more particularly their economic and fiscal policies, do not give any indication of