

The Budget—Hon. M. Lambert

posed to be the best rate in the country. When this best rate is over 8 per cent, it means that the public just does not believe the government and that its performance is not credible. Let us not say there has been this vast improvement as a result of expansionary monetary policy.

Let us consider some of the criticisms and comments. The minister made a great deal during his opening statement about the change in the direction of the rate of unemployment. There has been just one slight deviation for one month, and even in that regard the minister said it resulted from a sort of general public service lull which may cause variations from the trend from time to time. In other words, it was just as likely that we had to maintain a downturn in the rate of increase of unemployment. Let us see what it is after Christmas. What I am saying in this regard is that I do not believe the minister's optimism is justified based upon the change in unemployment statistics in one month.

● (3:50 p.m.)

Nor can I see justification for optimism with regard to the consumer price index. If one would take a look at page 903 of the November 1970 Statistical Summary of the Bank of Canada, one will see that with regard to the consumer price index there has been a slight downturn or levelling off of the curve in late October and November of 1970. However, this is a reflection of a much sharper turndown in food prices. There has been nothing but a constant climb in all the other elements which go into making the consumer price index. One has only to look at the chart as soon as the fall surplus is over—which is the harvest season—and one will see a turnup after Christmas in a number of food prices such as fruits, vegetables and certain types of meat. Then, we will see again a turnup in the consumer price index. I regret that as everyone else does.

I mention again that I do not think the reference to either the rate of unemployment or the change in the consumer price index this year is a sufficiently strong base for the minister's enthusiasm and optimism in the opening paragraphs of his speech. The representatives of the provinces are meeting in Ottawa. It will be very interesting to read what they have to say to the minister and how they react. I am sure the Parliamentary Secretary to the Minister of Labour (Mr. Perrault) has already taken cognizance of what has been said by the Premier of his province. He, of course, has had a lot of experience with the Premier of his province. The people of British Columbia found the Premier of that province much more reliable than the hon. gentleman because he went nowhere in the provincial House.

Then, there was the emphasis on the foreign trade balance. The minister made much in his speech about the rate of increase which had taken place. But the rate of increase in the third quarter levelled off. The gap between exports and imports continued, mostly because imports declined due to the flatness of the domestic economy. Canada just was not importing as much in the

[Mr. Lambert (Edmonton West).]

last quarters of 1970. We will see what happens in respect of the last quarter as a result of the unfortunate strike in the automobile industry. This will knock our trade figures for a loop. There will be a very serious cut.

I was very intrigued with the attitude of the minister when he was interviewed on television immediately after the presentation of his budget. I remember how he almost climbed down the throats, if that were possible, of his interviewers because they were being most skeptical about his performance and his budget, particularly when one of them asked about the man in the middle income group and what on earth was being done for him.

The man in the middle income group has become the sacrificial lamb of the country. In respect of unemployment insurance, it is his body that will be bled. In so far as family allowances are concerned, the cutoff is \$10,001. Is it the \$10,000 a year man who is rich now? When the minister was asked this question, he replied that such a man was within the rich class. If that is so, then I find that the policeman, the commissioned officer of say major rank, the sergeant of the mounted police, the carpenter, the plumber, the electrician and the garage mechanic are all above \$10,000. They are, then, in the rich class in this country. The minister made some statements to the effect that less than 10 per cent of the taxpayers of this country are above the \$10,000 class. Ah, in number perhaps, and I am not so sure for 1970.

If we look at the 1969 Edition of Tax Statistics covering the 1967 calendar year—and I refer hon. members to the summary table number 2 on page 10—we will find that those who have filed returns on which the total income was \$10,000 a year or more in 1967 represent about 10 per cent of the total number of people. They earned 18 per cent of the income but paid 37 per cent of the tax. If we add the increases in salaries and wages that have been received by Canadians since 1968, at an average rate of between 8 per cent and 9 per cent and in some instances more, we see that more and more people have moved into that rate above \$10,000. I judge, therefore there would be rather more than 10 per cent in numbers who would be earning more than 18 per cent of the income. It may go as high as 25 per cent of the income earned in this country. These people will certainly have paid well over 40 per cent of the personal income tax. These are the people who are to be hit harder.

I do not know, Mr. Speaker, but it seems to me that a small group of individuals in this country who are not the aristocracy of business but who represent a cross section of the working populace of this country, whether they are white collar, blue collar or whatever collar people—I suppose most of them wear sport shirts now—

An hon. Member: Turtleneck.

Mr. Lambert (Edmonton West): Turtleneck—they are the ones who are bearing the brunt of the tax load. They are the ones who, presumably in the mind of I do not know whom, are to be bled much more because at every turn it is those in the \$10,000 and up bracket who go into the pen to have their throats cut.