

*Income Tax Act*

citizens suitable for work are unemployed, and the Minister of National Revenue says that we are in a period of expansion. Is that what the minister means by expansion? Expansion of taxes, that is true; expansion of taxes of all kinds, nothing else.

The Minister of Finance (Mr. Sharp) has been in office for at least three years, and taxes have increased. That is an expansion which has not decreased. Expansion of unemployment and decrease in construction, those are the facts.

The minister seems to say that we are in the midst of a period of prosperity and expansion. If we are, why is unemployment increasing at that rate? It seems to me that the Minister of Finance and the Minister of National Revenue should realize that the period of expansion has come to an end, and it is now time to take steps so as to give new impetus to our economy, instead of hindering it by further tax increases.

When I look at the government's estimates for the next fiscal year and I realize that the interest on the public debt has increased by \$130 million, I conclude that taxes are raised simply in order for the government to be able to face the increase in the interest charges on the public debt.

The other day, on the orders of the day, I asked the Minister of Finance and Receiver General whether that increase was due to an increase in the rate of interest or an increase in the debt itself. The Minister of Finance refused to answer. I should like to have an answer.

If taxes are raised, it is because expenses are increasing and the item that shows the largest increase is that relating to the interest on the national debt. Is that due to an increase in the debt or in the interest rate? This question should be answered. I, for one, am convinced that it is due to an increase in the interest rate. In that case, the thing to do is not to raise income tax but rather to see to it that the interest rate paid by the government on its debt is lowered. All our difficulties arise from the fact that two years ago, the Minister of Finance raised the ceiling on the interest rate charged by the chartered banks. This has resulted in a considerable increase in the interest rate.

In the construction field, the rate of interest is now  $8\frac{3}{4}$  per cent. This is the highest interest rate the construction industry has ever experienced since confederation. We had to commemorate the hundredth anniversary of Canada to see the interest rate soar to

$8\frac{3}{4}$  per cent. Never before had we seen such a thing in Canada. People who want to build a house must pay an interest of  $8\frac{3}{4}$  per cent. Furthermore, the government is also a victim of this interest rate increase since this year the estimates show an additional \$130 million, due to the fact that the government will have to pay a higher interest rate on the public debt.

If tax increases are only meant to pay big financiers a higher interest rate on the public debt—previously it was somewhere between 5 and  $5\frac{1}{2}$  per cent, which is high enough—if this is the only reason for increasing the income tax this year, I say that the Minister of National Revenue should refrain from telling us that the Canadian people are happy. It is known that those increases will only serve one purpose finally. According to the 1968-69 main estimates submitted to us, we find that next year, we shall simply be paying a higher interest rate to some big financiers and capitalists.

The minister also added at one point that not only the people but Liberal members too will be happy. Well, I would like to hear Liberal members from Quebec tell their constituents: We are happy about the taxes because you are happy about those increases. Once again, it is realized that they will only serve to pay a higher interest rate on the public debt. There is nothing to be happy in that but, on the contrary, much to be sad about and even very sad. I find this deplorable and I am convinced that the Canadian people will agree with me and that they will get rid of the present Liberal administration very soon.

I wish to join those who spoke before me in protesting. Above all, let no one tell us that we are going through a period of expansion at a time when the only expansion is in the field of unemployment. The government should take steps to help the people and to give an impetus to the economy, instead of the measures it is taking now which harm the people and create poverty and unemployment.

[English]

**Some hon. Members:** Question.

**The Chairman:** Is the committee ready for the question?

**Some hon. Members:** Question.

**The Chairman:** The question is on clause 5. Shall clause 5 carry?

**Some hon. Members:** Carried.