

*Income Tax Act*

The point I want to make is that this government, which is saying it is doing everything it can to stimulate the private sector and industry in this country, has actually spent less in that sector, and I think the government should be severely criticized for that.

One other point on this allocation which troubles me is the fact that unsolicited proposals for industry got \$1.5 million. The science and technology employment program for universities got \$3 million. The program for industry laboratory projects got \$5 million. For technical information from the National Research Council the government paid \$.35 million. The total for "industrial" was \$6.5 million. Universities got \$15 million in total, and the intramural government sector got \$7.5 million. However, of that \$6.5 million for industry, \$5 million was delivered to intramural programs, so industry ended up with \$1.5 million.

I think this is where we have a very serious problem in the area of research and development. There is a problem not only with the program announced by the Minister of Finance but also with the program which was announced by the Minister of State for Science and Technology the other day.

Early in the debate today there was an exchange between the Minister of Finance and the hon. member for Yorkton-Melville about sales tax, and I would like to say a few words about that. I am in the importing and distributing business in Canada. I have been extensively involved in costing and in the distribution of consumer merchandise, and I can tell hon. members that one of the things which interferes with the purchasing power of the Canadian wage dollar is taxes which are collected at the bottom of the pyramid. I am speaking of the 12 per cent federal sales tax.

I can show hon. members that if there was no sales tax collected at the manufacturer's level, an item which retails for \$5.60, rounded out to the psychological price of \$5.59, would retail for \$4.95. I really think that if we are going to start to improve the purchasing power of the wage dollar, we in this House have to take a serious look at the negative effects of the federal sales tax on that purchasing power.

Hon. members opposite might say there could be a loss of revenue which must be compensated for, and I agree. I think we could collect that in another way very easily, but I will save that for another point in this debate.

One of the other things which has delivered us into the national dilemma we are in today is that 55 per cent or 60 per cent of our federal budget is involved in statutory payments. In other words, there is no way to cut, mend, allocate or manage because 55 per cent to 60 per cent of our budget goes to transfer payments to the provinces to handle the social services we have built into the structure of Canada.

● (2112)

I do not think there is a person in the House who wants to see those social services threatened. But one of the weaknesses we have is that people, because of political gains, have got used to expecting something for nothing. When you compare one nation to another historically, you find that with high transfer

[Mr. Huntington.]

payments you start to have problems with the collection of taxes with respect for taxation and with respect for the spending of that tax dollar.

**Miss Bégin:** Give us an example.

**Mr. Huntington:** We have seen, my dear, the example where you had to go into block funding because you had to put under control those provinces which spent money on the basis that the dollar they spent was matched by the federal government, and that got the Department of National Health and Welfare into a budget problem. It was a transfer of payments problem, and there was a runaway situation which the government had to put under control.

**Miss Bégin:** Of whom are you talking? Name the province.

**Mr. Huntington:** If we could give the people of Canada the measure of the services they demand from government in terms of their own purchasing power, we could start to put the situation under control and have an accurate measure of just what it is they want so that they could measure its benefit in terms of their own purchasing power. It is difficult for any one of us in the House to think and talk in billions of dollars as we are doing. We lose track of reality. But if you look at the cost of the service in terms of somebody who is spending \$150 a week, and all of a sudden some political party comes along and promises medicare and you find you have \$1 billion or \$2 billion more in expense and more problems in the tax collectors' over-all situation, you should be able to measure whether you want medicare or denticare in terms of your present costs or in terms of what it will cost you if it is provided by the government.

Somehow or other in the next decade this chamber will have to meet that challenge. We have to convert the cost of social services into terms that can be measured by individual spending power. Let us say that Mrs. Johnny Canuck is spending \$100 a week and someone promises a service that will take \$2.50 away from that. She knows that her present cost is \$1 or \$1.50. She must be able to measure this, not in terms of the millions of dollars it will cost the government, or in terms of dreams, or in terms of "what does it matter, the government will give it to us". Somehow or other we must resolve this dilemma in the sales tax debate. If we could put the cost of our social services in this country in terms of measurement for each individual user or drawer of that service, we would start to turn our problem around.

I think the answer is in the sales tax. I was very interested in the exchange between the minister and the hon. member for Yorkton-Melville and the comments that were made in this debate earlier, because I suspect you are starting to move to the end user tax. If we had an end user tax with no exemptions, dedicated to the supply of health and welfare services to the people of Canada, we would then have a measure in terms of the value and cost of that service to them. No matter what his pay cheque, a person could measure the value of a given service and he would have to know that there is a cost. If you start to think in those terms or put your experts into studying