

was during the great depression because most of these people know only an affluent society.

This is the personal side, the suffering and the disenchantment of the unemployed. What about the goods and services they would have provided had they been working? The economists tell us that had these people been at work last year they would have produced about \$5 billion worth of goods. These are goods which could have been sold in the marketplace. What about the taxes which would have been paid by these 500,000 people had they been employed? It would have amounted to perhaps another \$1 billion in income tax alone. As it is, we have to pay them welfare or unemployment insurance and they are obliged to buy less in the marketplace because they do not have the money to spend.

The government stands condemned for completely ignoring the fiscal and social programs it should have introduced a year ago. Just last summer the Prime Minister (Mr. Trudeau) stated he would not change his policy; people could like it or they could lump it. Well, the lumps are hurting, Mr. Speaker, yet no one in the government will admit that its economic record is a tragic one. The Minister of Finance (Mr. Benson) is like the boy who stood on the burning deck whence all save he had fled, but he does not realize it. Yes, they were going to cure inflation.

I was interested in an article which appeared this month in a paper which has been quite friendly to the government, the *Financial Times*. It reads as follows:

Back in 1965, governments at all levels got along with less than one-third of the gross national product. Many people thought that was already too much. By 1967 the government's share had grown to 35 per cent. In 1970 it was just over 38 per cent.

In terms of personal income alone, the average Canadian in 1967 contributed \$15 to governments for every \$85 that he was allowed to keep for himself and his family. In 1970 the governments took \$19 and left him \$81.

Many Canadians, of course, gave up a much larger share of their income to governments. A majority of the active population with earning capacity kept far less than 80 per cent. A minority with low earning power kept a higher proportion. The substantial minority with little or no earning power drew from the pot contributed by the rest. And a growing army of government employees lived on it.

The average figure understates the burden of government which every productive citizen is carrying. Corporation and business taxes compound the understatement because in the last resort they are all paid by individuals too. They may be paid by consumers in higher prices, by employees in lower wages or by investors in lower dividends. But they all come back to individuals.

Governments love these taxes which they like to call "hidden". They are like dentists—experts in the art of painless extraction. That is why they cling to devices like the manufacturers' sales tax which forms part of the final price paid by consumers (and, incidentally, escalates at every stage of distribution). That is why they like "hidden levies" such as payroll deductions for pensions.

● (9:00 p.m.)

The supposedly "hidden" taxes, under the innocent name of "contributions", are now approaching one-tenth of the individuals' payments to governments. For businesses they may be even higher. At this level it is an illusion for any government to imagine that they remain either painless or hidden.

The Budget—Mr. Rynard

What has been forgotten is that productive Canadians—in every walk and at every level of income—are determined to offset the growth of inflation and taxes. The thing that concerns them is the real income which they have left to spend; and that has grown less than either prices or taxes.

This is why wage increases have been necessary. The government was going to cure inflation, even at the cost of unemployment. Although the government has dampened the fires of inflation a bit, it has also created the highest level of unemployment in a decade. Is that an accomplishment of which they should be proud, Mr. Speaker? The government has crimped economic growth and industry has been slowed down. As a result, jobs have been lost. On top of this, we have had the worst unemployment record of any developed country in the world.

Welfare rolls have multiplied in number across the country, to a point where the municipalities are hard put to handle them. In despair they tend to scrimp and scrimp, to the discomfort of the individual. What is the government going to do to remedy the situation? It is the government that has placed us in this difficulty. If the government did not know the answers before administering the treatment, then it should have known. With a record which is the worst of any western country, the government stands condemned at the bar of justice.

What is the cure? In the United States the government cut corporation and personal income taxes. This was also done in Great Britain, Australia, New Zealand and Germany; but not in Canada, Mr. Speaker. Our finance minister stood like the boy on the burning deck and refused to cut corporation taxes or personal income tax. I ask the government why it refuses to cut taxes. As a matter of simple mathematics, if a man's take-home pay is increased by the removal of taxes, he does not require as large an increase in his wages. Indeed, there would not be the same pressure to ask for more wages. The same is true of corporation taxes. Immediately corporation taxes are lowered, businesses are placed in a better competitive position in the marketplace of the world. But the government has refused to take either step, even though, as I have said, a similar step has been taken by the United States, Great Britain, Australia, New Zealand and Germany.

In failing to remove the federal sales tax the government stands condemned by a newspaper that has generally been favourable to government policy, the *Financial Times*. With regard to low-cost housing there are many hidden taxes, and these are very well described by the *Financial Times*. For example, I was talking to a man the other day who had had a simple little board made up with an inscription upon it. This board had cost him about \$9. He had to pay the federal government \$1.08 tax, which brought the price of the board up to over \$10, and on top of that had to pay 5 per cent provincial tax. This amounted to about 55 cents. In other words, he had to pay \$10.63 for an article that he should have been able to purchase for \$9. This is why the working man, members of the work force, the professions, and so on, require more money; and it is why we have inflation. The Minis-