

Supply

Mr. Riis: It is balanced.

Mr. Evans: It is balanced with resource revenues that only two provinces in this country have. That budget is balanced with those resource revenues. That is where the revenue is coming from, and it is coming out of every other province's pocket and balancing the budget in Saskatchewan. Isn't that wonderful? But what about Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland, Quebec, Ontario and Manitoba?

An hon. Member: Conservative governments.

Mr. Althouse: Most of the money does not come from oil in Saskatchewan. Check the record.

Mr. Evans: It is amazing to live in naivete.

Mr. Wilson: You should know it well.

Mr. Huntington: You are part of it.

Mr. Evans: One of the real problems which we faced at the time of the last budget—and we have to go back a period of time to look at the history underlying our problems and those of western governments, the United States, Britain, Germany and France, on which I think the hon. member for Capilano (Mr. Huntington) put his finger—is the way the tax system operates, the kind of burden that taxation puts on creativity, growth and productivity in our society, the United States society and western European society, because what it is doing is pulling things down.

Mr. Wilson: What about the 31 per cent tax increase?

Mr. Evans: Look at what happened during the late 1960s and early 1970s. That is when the United States tried to finance a war by printing money instead of increasing taxes.

Mr. Wilson: What are you financing with the 31 per cent increase?

Mr. Evans: That is precisely what happened in that period. Inflationary pressure built up in the United States and in Canada. At the same time, because we did not have an indexed tax system at that time—the United States still does not have one—increasing inflation and incomes that went up nominally with inflation but greater and greater pressures on the economy and the effective tax burden on Canadians went up. In 1967 the effective tax burden on Canadians was about 6 per cent. It went from 6 per cent to 16 per cent over a three-year period from 1967 to 1971, and perhaps 1972. A massive increase in tax burden took place. Governments here and elsewhere, knowing there was a serious problem, that inflation was growing and was starting to get out of control, took action to try to stop inflation and at the same time tried to offset the negative effects of taxation that were perceived to be too high. It was perceived not only by governments but by people. Investment was falling off. People were becoming displeased with the idea of paying higher and higher taxes.

From 1973-1974 on, we did many things. We had tax cuts year after year, budget after budget. We had cuts in taxation.

We had indexation. We had all kinds of incentives put in the system. We had incentives to save and incentives to invest. That was the standard approach used by all western countries to try to overcome these fundamental problems of heavy taxation, inflation and reduced incentives. We found during that period, the last six, seven or eight years, both here and elsewhere, that the kinds of incentives we used were not producing benefits to Canadians, who were, after all, picking up the tax burden for government services in some other way if not being paid by those who were taking advantage of legitimate incentives, but the economic benefits coming back to the taxpayers, to society, from those incentives were less than the cost. Any businessman—and there are businessmen on this side and on the other side of the House—would be loath to invest dollars year after year in a venture where the returns were less than the dollar coming back, in other words, getting back less as the investor. Here the investor is a taxpayer. No one in his right mind would do that. Why does the opposition think that the government should go on year after year doing that? What the budget did was to take a fundamentally new tack, a new approach. It was to remove some of those incentives that were not working, achieving benefits, or giving back results. They were to be offset by reducing tax rates.

I have heard from the other side that this is a socialistic budget. What socialist has ever cut marginal tax rates? Socialists turn things around and raise marginal tax rates. They do not cut marginal tax rates. What socialist would cut marginal tax rates? That is anti-business.

In our society we have an extremely effective indexing system in all areas except in the capital and the corporate sector. The people who are really hammered by inflation are those in the corporate sector and the capital sector. If this were anti-business, why would the government care at all about inflation? Most people are not indexed against inflation. The capital sector is not. The sector that invests is not. That is why inflation is important if we are going to have growth, job creation and a good future in this country.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, it is unfortunate that the hon. member for Ottawa Centre (Mr. Evans) had to be so negative in his tone. When he talked about the Saskatchewan budget being balanced because of resource revenue, I want to remind him that during the 1940s and 1950s when our province was very poor, Tommy Douglas had a balanced budget most of the time. It is also very unfortunate that the hon. member for Ottawa Centre said—and I think I have his words written down correctly—that we have a balanced budget because the money in Saskatchewan comes out of the pockets of every other province in this country. It is that kind of negative statement that creates a feeling of disunity and a feeling of negativism across the country toward the federal government and the party across the way. I just wish that the hon. member across the way could be as thoughtful and as positive and offer as much optimism in his speech as