

Income Tax

also designed to deliberately perpetuate inflation. There can be no other interpretation put on a program the government intends to defend which will see an increase in government spending of 95 per cent over an eight-year period, that is, from 1968 to 1976, with reference to Mr. Turner's forecast.

The \$19.4 billion needed to carry out the 1973-74 program will rise to \$27.8 billion in the 1975-76 fiscal period. Of that, \$8 billion came from individual taxpayers in 1973-74, and in 1975-76 individuals will have to make up 41 per cent of the total program, amounting to \$11.4 billion, and that is after the minister's 3 per cent personal tax cut and after the removal from the personal tax rolls of another 500,000 Canadians.

What is this so-called worldwide inflation, and how did it come about in the first place? My practical mind tells me that whole nations are not different than the people within them. Human nature has this built-in drive to stay ahead of the next guy and this drive for a better deal. When the United States needed additional money to support the war in Viet Nam, which was not too popular with the man on the street in the first place, it was decided to print additional money instead of going to the taxpayer. When some of the Latin-American countries became possessed with the skyscraper fever, they printed additional money and passed the cost on to their trading partners. In Canada it is the welfare state which can no longer be sustained by reasonable fiscal policies, and the printing presses are in high gear. Other nations had to protect themselves from this flood of worthless money by watering down their own currencies.

Then there are the Arabs who discovered, over a period of time, that it required the proceeds of 80,000 barrels of crude oil to purchase a D8 Cat from the United States, instead of 20,000 barrels, the cost of ten years ago, and they had no real choice but to change their price tag. There is, however, one basic difference between the Arabs and the rest of the rip-off artists, in that the free world still likes to pretend its monetary systems are based on a gold standard, whereas the Middle East financiers have adopted a new scheme which is called "commodity monetization". I should like to come back to that a little later and examine it in more detail.

First, however, I should like to look at the basic principle and philosophy behind any system of taxation, particularly that in respect of the recent approach Canada has taken in this field. As early as 1899, W. E. H. Lecky said:

Highly graduated taxation realizes most completely the supreme danger to democracy, creating a state of things in which one class imposes on another burdens which it is not asked to share, and impels the state into vast schemes of extravagance under the belief the whole cost will be thrown upon others.

• (1610)

Mr. Speaker, it used to be called instant Utopia, was renamed "the just society" in 1968, but would now be better named "the unjust society." In Canada, the 1968 contract to social security has brought an ominous increase in social insecurity. In a 1935 message to Congress

[Mr. Oberle.]

in the United States, President Franklin D. Roosevelt declared:

The federal government must and shall quit this business of relief—continued dependence upon relief induces a spiritual and moral disintegration, fundamentally destructive to the nations fibre.

The principal motivation for changes to any tax structure seems to be the desire by our ivory-tower experts to devise a system that is equitable. A leading Canadian economist says that equity, like beauty, lies in the eyes of the beholder. For the Minister of Finance and his chief advisers, and the Prime Minister (Mr. Trudeau) and the advisers he has chosen, to design a tax system that is equitable is like designing the equitable laws they have designed on abortion: none of them have ever been, nor will they ever be, pregnant. A tax system should not be used for seeking equity but should be used to help the helpless and to promote the growth of the economy.

In contrast to that, Mr. Speaker, those who are really helpless in our country seldom find access to our social services, and the economy cannot grow because of the many disincentives and penalties built into our system against those who would normally use their ingenuity and initiative to make work for others and on those who should normally be expected to help themselves.

One of the great economic miracles of recent time has been the revival of Germany, a country divided by artificial borders and almost totally destroyed by World War II. Ludwig Erhard, one of its economic minister's, said: "This measure of the undisputed success of the policies demonstrates how much more sensible it is to concentrate all available energy on increasing the nation's wealth, rather than to squabble over the distribution of this wealth and thus be sidetracked from the fruitful path of increasing the nation's income." Even though it may appear to some of us that Germany is a highly socialized country, Ludwig Erhard also said that the new wealth produced must remain substantially in the hands of the producer.

Is it not obvious, Mr. Speaker, that a Canadian tax system should be designed to take into account human psychology and that the object should be to motivate Canadians toward greater productivity? I do not read anywhere in this proposed bill that the government intends to reward productivity and allow Canadians to enjoy the fruits of their labour to a greater degree. On the contrary, the increased portion of the total budget which the government intends to collect from individual taxpayers will make savings impossible for most people. Even the few who manage to put aside a small portion of their income will see their efforts eroded by two-digit inflation, a situation to which this government seems to have resigned itself.

It must be quite clear that this bill is another mile on a road that will lead to total dependency on the state, to centralization of power away from municipal, regional and provincial authorities—a road that will lead to socialism and worse. It was Alexander Hamilton who once said, "power over man's subsistence is power over his