

*Income Tax*

most in need of assistance at the most trying times of their lives.

Commenting on this particular proposal regarding taxation, one individual raised a question as to whether it is the intention of the government to tax widows and orphans to the point of further dependence on our social welfare system. This is something which should be considered. People will have to live and get by somehow, and by imposing this tax individuals might be forced to the point of having to go on to welfare because the government is taxing away that which has been provided by breadwinners for those who survive.

One lady placed herself in the potential position of being a widow in society, and she said she could not understand how a government could even propose such a tax with any semblance of a clear conscience. Whether it is conceivable or not, that is what the government is doing, and we certainly hope the minister will consider the situation and accede to some of the recommendations which are being made in this respect.

● (1512)

There is another objective, as the minister pointed out when introducing these amendments, and that is to expand the government's borrowing authority by approximately another \$10 billion. This is a suggestion that will cause tremendous protest across the country. At a time when the economy is in a most precarious situation, at a time when Canada is facing problems of catastrophic proportions, at a time when the economy is in the doldrums, the minister requests that the government's borrowing power be expanded by another \$10 billion.

An article in the *Vancouver Sun* on November 8, by Dave Smith, entitled "Economy Labelled 'Ottawa Priority'" had this to say:

Marc Lalonde, the federal cabinet minister responsible for federal-provincial relations, said Monday that Ottawa's first priority for attention is the economy, not Quebec.

Lalonde said the economic outlook was fairly gloomy, but he said that the government would not try to "spend our way out" of the current situation.

Two amazing thoughts are represented here. It is a change in viewpoint of the minister, and certainly of the Prime Minister (Mr. Trudeau) when they finally get around to acknowledging that the major problem in Canada is the economy. Maybe there is hope now that something will be done but, as my colleague says, it will remain a problem as long as the Grits are in office. I think that should be a real incentive for people to make a change next time around, and I believe that they will.

What amazes me is that the minister said they will not try to spend their way out of the mess, and yet they ask for additional borrowing power. What is the government doing? If we look at the figures, there is a tremendous increase in the budget. Over the last ten years federal government spending has quadrupled. It took about 100 years for the government to reach a budget level of approximately \$10 billion in 1967, a figure doubled in the following three years, and doubled again in the next four years to a total of \$42 billion last year. The

[Mr. Patterson.]

present estimate is about \$46 billion. If the government has not been trying to spend its way out, what has it been doing, and what is it doing with all that money?

The national debt stands at over \$40 billion, I believe, requiring finance charges of over \$5 billion, and yet the minister said they are not trying to spend their way out of this serious predicament. The deficits are estimated at over \$9 billion in this one year, and now the demand comes for expanded borrowing authority. I do not know just how much the country can stand, Mr. Speaker.

In a speech in Victoria on June 2, 1977, the Leader of the Opposition (Mr. Clark) said:

The federal government's borrowing requirements have now become one of the major forces in driving other domestic borrowers to foreign capital markets—and this drives up our total foreign indebtedness as a nation. Canada now has the dubious distinction of being the world's largest borrower of international capital. Servicing that foreign debt now costs us more than two billion dollars a year—more than \$300 for each Canadian taxpayer—and more than one per cent of the Gross National Product. Should our foreign debt servicing requirements reach two per cent of the Gross National Product, we could well be beyond the point of no return—where foreign debt servicing alone would become a chronic and debilitating drain on our international payments.

One of the provisions in this bill covers a request for borrowing authority to an additional \$10 billion, and this in spite of high unemployment, Mr. Speaker, which we have to recognize as a very real fact. Some people say it is not as bad as it looks, but it certainly looks bad. Figures from the Maritimes demonstrate that and in British Columbia it was 8.5 per cent for October compared to 7.3 per cent a month ago. Indeed in British Columbia it has rarely fallen below 9 per cent in the nine years the Prime Minister has held power. Unemployment rose from 98,000 last month to 99,000 this month, and for those under age 25 it is 14.8 per cent.

I have received many letters from young people endeavouring to find jobs, and from older people, some professionals, endeavouring to find remunerative and gainful employment in order to make their contribution to society as well as providing for their own needs. Yet month after month, year after year, there is an ever increasing rate of unemployment across the nation. There are also regional disparities that have been brought to our attention.

I should like to deal now with one of the problems facing businessmen in British Columbia and in the Fraser Valley. Many processing industries will close very soon if something is not done to bring a measure of justice and compensation to them. I know it is desirable that industries in certain parts of the country should receive assistance in establishing operations, and I am not complaining about that. We find these industries under-selling in the markets that people in my province have been serving for years, however, and this is a major problem.

● (1522)

Because of the lower rates of labour in some parts of Canada, because of the completely unjust and inequitable freight rates, and because of other situations that exist, businesses in my area are going to be forced to close their doors.