

The Budget—Mr. Heap

regular pattern of boom and bust. Second, unemployment afflicts Canada now especially because of a new development which Members of the Government from the Prime Minister (Mr. Trudeau) down have declared publicly as a new fact, namely, a permanent base of unemployment.

I can remember coming out of the army at the end of the war and our being told that we would have full employment, and because, of course, there is always a turnover of jobs and a turnover of workers, we would have a new system called Unemployment Insurance which would provide a transitional income for workers moving between jobs. It was a great idea, and it worked for several years. We are told now that that system is out of date, that system which set the unemployment rate at a maximum of 3 per cent of the work force, and that moving from job to job has now been scrapped by this Government. We are told that at least 7 or 8 per cent, and probably 10 per cent, is to be the basic level of unemployment. These are not workers moving from job to job; these are unemployed workers going nowhere. That is the the minimum that the Government has offered us.

Part of the reason for this problem is that, by the Government's taxation policies, the buying power of the great majority of Canadians has been permanently reduced below the level that is necessary to produce a healthy economy. One way the Government has reduced the buying power of Canadians is to switch priorities between the revenues from corporate income tax and personal income tax. In 1950, personal income tax provided 50.7 per cent of the Government's revenue and corporate tax provided 49.2 per cent. These figures simply treat corporate and personal tax in proportion because, though they are not the only sources of income tax, they are the main sources. Of this total, personal income tax was 50.7 per cent, corporate income tax was 49.2 per cent.

In 1960, ten years later, personal income tax had gone up to 58.6 per cent and corporate income tax had gone down to 41.3 per cent. Ten years later, in 1970, personal income tax was 71.3 per cent, and corporate income tax was down to 28.6 per cent. In 1980, personal income tax accounted for over three-quarters of the total, or 76.6 per cent; corporate income tax accounted for only 23.3 per cent of the Government's revenue. In other words, the working people of Canada, not to mention farmers and pensioners and the rest, are not being allowed a disposable income large enough to maintain the buying power that is necessary for a healthy economy. Instead, through the tax system a larger and larger share is being diverted by default to the banks and the other groups who clearly have shown a pattern of not spending that money in Canada. The banks now boast that 40 per cent of their investments are made overseas, some of them in countries where they clearly will not be seen again. This is the first way the Government has injured the economy. The present budget, as I will point out later, continues that pattern.

Second, the manufacturing industries of Canada, with one exception, have been harassed. They have been burdened and injured by comparison with the mining industry, the finance industry and the oil industry, even though the manufacturing industries still have one and three-quarter million employees,

whereas the mining and oil industries together have only 151,000 employees and the finance industry has only 562,000 employees. In spite of the fact that manufacturing supports a far larger section of the economy, it must pay an extortionate rate of taxation.

Over the ten years from 1969 to 1978, the mining industry paid a 19.8 per cent taxation rate, finance paid a 23.7 per cent taxation rate, oil and gas paid a 23.4 per cent taxation rate, but textiles, knitting and clothing paid a 41 per cent taxation rate. In fact, the whole manufacturing industry except for petroleum and coal products paid a 34.8 per cent taxation rate. The average rate for all industries was 38.3 per cent. So mining, finance and oil, the richest industries in this country, are being compulsorily subsidized through the Government's taxation system by the workers in manufacturing and, most particularly, by the workers in the chief manufacturing industry in the riding I represent, namely the clothing and textile industries. No wonder Canadian workers are accused by housing sales people and others of buyer resistance. Buyer resistance means empty pockets. It is the Government that has emptied the pockets of the buyers and continues to do so in the budget.

There is another policy, a matter of background, which the Government continues in the budget. The Government has been knowingly encouraging an increased importation of clothing and textiles and other manufactured goods from low wage countries. In this budget the Minister explicitly referred to a further extension of that policy of reducing the restrictions against importation from low wage countries. This is in spite of the fact that the industry most affected by that policy at the present time has already lost 50,000 jobs out of 200,000 in the last two years. A quarter of the jobs have disappeared largely because of the action of encouraging imports from countries which pay 50 cents or \$1 wages. This is done in spite of the fact that the industry, contrary to the Government's statement and the statement of the former President of the Treasury Board, spent \$2 billion during the 1970s in modernizing, and is still modernizing at a higher rate than most other secondary manufacturing industries. Whereas the cost of living rose by 167.5 points from 1971 to 1982, clothing only went up by 104.9 points, about two-thirds of the rate of increase. Imported clothing went up by 214 points, which is a far greater rate of interest. Therefore, the clothing industry has in fact been anti-inflationary by helping to keep down the price Canadians pay for clothing. Yet the Government insists on destroying the clothing industry by its import policy.

• (1650)

The textile industry has shown a higher rate of value added per worker than the average of the Canadian manufacturing industry, and a rate as high as the American clothing and textile industry. The textile and clothing industry in Canada receives little help from the Government in modernizing. Although it has employed about 11 per cent of the workers in manufacturing, it receives only 3 per cent of the aid. My point, Mr. Speaker, is that this Government has, in these several ways, undermined and weakened the clothing and garment