

*Supply—Finance*

will be willing to accept the imposition of a refundable tax, their money to be refunded when revenues from the various sources spoken of by Carter become available to the government.

The minister ought to take steps to make the money which federal, provincial and municipal governments need, cheaper. Tax relief ought to be provided for those who hold federal, provincial or municipal bonds. After all, those who receive dividends from Canadian corporations are eligible for a 20 per cent tax credit. Why should a similar credit not be available to those who hold various forms of government bonds? Instead of providing relief for those who acquire dividends I think we would be more justified in providing tax relief for those who derive money from government bonds.

It is important for the government to pursue expansionist policies since they would bring it added revenues without changing the tax rates. Considerable evidence shows that an increase in the gross national product brings with it an increase in the government's revenues without any change in tax rates being necessary.

Today we have suggested some alternative courses of action open to the government and we hope that the government will accept some of our suggestions. Above all, I hope the government is determined to direct our economy. I hope it will not permit our economy to be dragged down by those in this country who have a traditional, financial stake in the mismanagement of the nation.

[*Translation*]

**Mr. Laprise:** Mr. Chairman, I am not in the habit of making compliments—it may be a weakness of mine—but I should not like the Minister of Agriculture (Mr. Greene) to be pleased with himself for the way he approached the study of his estimates last Friday. Still, I feel he was kinder in a way than the hon. Minister of Finance (Mr. Sharp) was this afternoon. The Minister of Agriculture had nothing new to tell us and so he kept quiet. The Minister of Finance should have done the same this afternoon, seeing he did not announce anything new with regard to a situation which the Canadian public and the members already know.

The hon. minister tried to argue the case of the government. He was replying to those who say or claim, just about everywhere, that Canada and the Canadian government are going through a major crisis, saying that this

is false and that all is well as far as the administration of the country is concerned.

While listening to the Minister of Finance, however, we realized that Canada is in a most precarious financial situation, which is causing him concern. The minister delivered a speech of an anti-inflationary character. He is worried about the ever increasing price index which is causing the purchasing power to decrease constantly, but he does not seem to know why. Bill No. C-193, introduced by the minister after his mini-budget of November 30, 1967, was designed to check inflation, but at the same time, it reduced the purchasing power and prevented personal spending. On the other hand, the minister announced at the same time last fall, through his colleague, the Minister of National Revenue (Mr. Benson), restrictions on government investments. That was the usual way for the government to control the continued increase in prices.

Looking back a few years, we find that this method is not entirely new. In fact, since the second world war, the government has been increasing taxes once or twice a year, in an effort to keep the cost of living under control. However, the cost of living index has been climbing ever since. As a matter of fact, in 1947, when the 1939 index was still being used, it had increased so much that the government became reluctant to use it as a basis. It was then abandoned and the 1949 index was used, starting from zero, which was less embarrassing for the government.

Since 1949, the price index has gone up to about 155 points, an increase of 55 points. If higher taxes and a curtailing of purchasing power could really check inflation, why has this not happened in the last 20 or 25 years?

Mr. Chairman, the higher taxes advocated by the Minister of Finance as a means of controlling inflation will have the opposite effect: they will increase inflation and make the price index go up, while at the same time creating other problems for the Canadian consumer. The hon. minister is greatly preoccupied with trade, but does he give as much thought to the Canadian people themselves? In my opinion, that is the least of his problems.

The government wants to balance its budget but it upsets the taxpayer's budget. Thus, the opposite effect occurs.

● (4:40 p.m.)

Mr. Chairman, in my opinion, the hon. Minister of Finance has no solution to offer, as he admits in his statement. His main concern is to preserve the value of the dollar,