

Income Tax Act

which do not make any particular sense. My colleague, the hon. member for New Westminster, has reminded me that the average cost of defence to every Canadian family of four is \$360 a year. I suggest this is no trifle.

I urge that the government scrutinize our defence commitments and expenditures with the same rigour it would apply to any other expenditure. I urge the government not to allow our fiscal system and the direction of our resources to be distorted as they have been in the past by defence expenditures which make no sense. If they do not believe they make no sense, I invite them to look at the matter seriously, consult the people who know what they are talking about, and even to read what Mr. McNamara, who has until recently presided over these systems as secretary of defence in the United States, has said. If they look into the facts they will find that, under the conventional myth which we seem to adopt that defence is sacrosanct, we are wasting our resources in this field when they are urgently needed for economic growth. I do not believe we will put our financial affairs into reasonable shape in this country or, indeed, in the world until we stop devoting resources to building up military hardware under conditions where it is never likely to be used, a direction of resources which gives us only insecurity instead of the security we are aiming for.

Mr. Langlois (Mégantic): Mr. Chairman, I do not intend to take too much of the time of the house on this matter. However, I do want to register my opinions concerning the new tax measures which the minister has brought before the house and the opportunity which they afford the government to recover some of its financial losses and to bring in any future measures they may contemplate.

There is one aspect of this whole matter which I should like to make clear, namely, that the Canadian people are wondering what is going on and what it is all about. They are more and more perplexed as the days go by and less and less enlightened about the situation as we try to struggle out of this financial strait-jacket. However, there is one thing of which the people are sure, that they have been following the guide lines set down by successive Canadian governments according to which they should invest in their own country and work as honest, submissive and good-natured citizens. This they have done.

We have stressed upon them the importance of economizing, of constructing homes and of contributing to the building of a great

[Mr. Brewin.]

nation. They have done so on the say-so of the Liberal administration and the preceding Conservative one. However, they woke up to the fact that they have been following the guide lines to the letter and that any mistakes that have been made have originated from this place and not from themselves. A great majority of them have been living on credit and those who have not found themselves without a cent to spare and with very small salaries on which to live. They have no means of counteracting the financial difficulties which beset them and cause them anxiety and insecurity. Yet they also know that they have followed to the letter the guide lines set down by the successive Canadian governments. They know that no one else can be blamed for the mess in which the country finds itself today but those who have their hands in the cookie jar.

What will the government tell the people who are the victims of its financial policies? Canadians are no farther advanced today than they were 30 years ago. In fact they have suffered a set-back. Well, you can fool some of the people all of the time and you can fool all of the people some of the time but you cannot fool all of the people all of the time. I believe this is what we are trying to do. The minister says the government is going to impose a 3 per cent surcharge on income tax for two years. I do not believe it will be for two years any more than I believe there will be a reimbursement of the corporation tax in two years. The government will say the people are used to it and while they will not put on another tax they will leave this surtax as it is. I feel certain that is exactly what is going to happen.

● (3:10 p.m.)

We seem to blame the municipalities, the provincial governments and everyone else for contributing to the high cost of living in this country. However, we forget to look in our own backyard. The minister knows quite well that the 3 per cent surcharge on corporations will affect consumer prices within one or two months after it is imposed. The cost of producing an article is reflected in the selling price of that same article. This is a vicious circle because what you collect on the one hand you have to give on the other in order to try to maintain stability. The surcharge on personal income will have the same effect. The only difference is that salaries go up by the stairway and the cost of living goes up by the escalator. There seems to be an imbalance here.