

Income Tax Act

and sold at \$133.20, the 11 per cent federal tax included. It was then necessary to add the Quebec provincial tax of 8 per cent, which gave a total of \$143.86 per 1,000 feet of wood.

Thus we can see that for the same quantity of wood, the federal and provincial taxes represent an increase of \$28.78.

Mr. Speaker, I wanted to lay that example before the house to show that every increase in the cost of living amounts to a tax increase at both levels of government.

The same situation holds true in the shoe, the clothing, the furniture industries, in short in the manufacturing industry as a whole in Canada.

When I hear the government say that it wants to fight inflation, I say that it is not serious at all and that the steps it takes to fight inflation bring about no other result than that of increasing it because that serves its purpose.

This bill refers in part to social development. But the government levies a new tax that may reach \$120.

Perhaps it is not very necessary to stress that point because it has often been raised in the house. Protests have been heard from all sides against this so-called social development tax that removes purchasing power where there is not enough already.

When one considers the way a government must finance the administration of the public welfare, one cannot do otherwise than censure it. I suggest that a taxation system should never have as its objective to finance the administration of a sovereign government but to tend, rather, to regulate the flow of money within the country, to take money where there is a surplus.

• (9:30 p.m.)

When money is scarce some sector of the economy, whether it be agriculture, industry or labour, unease, such as that which is now felt in Canada, is generated. There is critical unemployment and poverty in agriculture and industry, yet the government persists in seeking money there, where it is already scarce.

Should there be too much money at some level of a country's economy, that can generate as much unease as too little money at other levels.

In my view, the tax system must be a safety valve, that is to say that, when there is a surplus of money at some level of the country's economy, the tax system must allow the taking of this surplus money. Here, Mr.

[Mr. Laprise.]

Speaker, I am thinking of the creation of a monopoly, and that is when the tax system must intervene.

That is why I say, and my colleagues in the Ralliement créditiste will support me, I think, that the only acceptable tax system is that which provides for taxation at the source. However, the tax exemption must be high enough to leave to the individual a reasonable purchasing power and income to meet his obligations, because the basic exemption is clearly insufficient to meet the needs of workers and consumers. In fact, the basic \$1,000 exemption is the same, I believe, as it was 10 or 12 years ago. It has not been altered in spite of the heavy burdens from all sources resting on Canadian families.

Now, I believe that instead of establishing a direct tax, at the source, called a social development tax, which deprives families, individuals and needy persons of purchasing power, the government would have been wiser to increase the basic exemption of single persons from \$1,000 to \$2,500, and that of taxpayers with dependents to a minimum of \$5,000.

If the government had adopted the measures we have been recommending for many years, it would have greatly helped Canadian families and workers, those who need it most.

A colleague of the Minister of Finance (Mr. Benson), the Minister of Consumer and Corporate Affairs (Mr. Basford), stated in a speech he gave at a federal-provincial meeting on December 19, 1968, that the principal means on which the federal government depended to regulate the level of economic activity and the increase rate of prices were the monetary and fiscal programs.

It seems that the federal government simply cannot find means other than monetary or fiscal programs to regulate the level of economic activity and the rate of increase of prices. Considering all that goes on in Canada, I believe that the government has misused such monetary and fiscal programs, for they have produced results contrary to expectations.

The bill now before us, on the eve of another budget speech, issues from the financial statement made in October 1968.

Mr. Speaker, I wonder a little why the government, if it wished to have that legislation adopted at all costs, waited so long to introduce the bill. If that legislation is designed to improve the economic situation, the employment level and government administration, why is it coming so late?