

Income Tax Act

May 16 of this year, the increase for the 12 months from April 1977 to March 1978 was 8.4 per cent.

This is not surprising to anyone who has the not so pleasant task of doing the family shopping for food. In the last year the cost of food increased by 14.7 per cent. Beef increased by 44.3 per cent. The cost of housing increased 7.7 per cent and fuel and utilities by 12.5 per cent.

Even the Minister of Finance has stopped predicting that the cost of living will only increase by 6 per cent this year. He knows that in April food prices jumped by 2.6 per cent in that one month. He knows that as part of government policy we will have another increase of \$1 a barrel in the price of oil on July 1 and a further increase of \$1 a barrel on January 1, 1979. Those two increases alone will mean an increase of between 2 per cent and 2½ per cent in the cost of living.

In my own city we have been fortunate to have had provincial and municipal governments which tried very hard to keep down the cost of urban transit. Until recently, a bus ticket cost 25 cents. This has been increased by 40 per cent and the cost is now 35 cents per ticket. This is a very sharp increase for those who use the bus, but it is one small illustration of what is happening to the cost of living.

The policies of this government have had the dubious distinction of giving us one of the highest, if not the highest, rates of unemployment and rates of inflation in any of the industrialized countries in the western world. But the minister tells us he expects the economy to improve. I recall his replying to a question during the question period to the effect that he expects a 5 per cent increase in the gross national product this year. The minister has put forth arguments which have not been accepted to my knowledge by a single economic analyst in this country. All of them—the Economic Council, the Conference Board, the C.D. Howe Institute, the University of Toronto Institute—are predicting increases between 3 and 3.5 per cent. Don McGillivray, who has been pretty accurate in his analyses and predictions, had this to say in the *Montreal Gazette* yesterday:

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The real domestic product (RDP) is a pretty good measure of how the economy is growing . . . It dropped a smidgeon in March, instead of rising. And on the average, in the first three months, it was only up by six-tenths of one percentage point as compared with the previous six months. If that is the pattern of the year, growth will be a little slower in 1978 than it was in 1977. The economy will only show half as much growth as the federal government had been predicting.

The writer then goes on to look at an aspect of the economy in which the government has been taking a great deal of pleasure, that is, trade. He said:

Canada managed to export about \$1.4 billion more in goods than it imported. But April's trade news, just released, is not so good. Exports rose by about 10 per cent but imports surged by nearly 30 per cent so the trade surplus was the poorest in five months.

That is the situation. Unemployment is up. The cost of living is rising very quickly. The government's anti-inflation program which limited wage and salary increases means that for most Canadians the increases they will get in 1978 will not permit them to live as well as they did in 1977. In this

[Mr. Orlikow.]

situation, what we need is not phony, cosmetic tinkering with the tax structure, not a \$100 cut in income tax such as we saw in January or February, not a six months' reduction of 3 per cent in the sales tax, but a sharp stimulus to benefit people in the low and middle income brackets. What we are getting are more tax gimmicks affecting people who are already doing quite well; more encouragement to people in the private sector to go into housing, to invest money in building and so on; more encouragement to industry in the form of accelerated depreciation allowances and tax write-offs for scientific research, which most of them do not use anyway because the multinationals find it more advantageous to pull their research efforts back to the head office, which is usually in the United States.

More has been given to corporations which have already done very well. Corporation taxes which have not been paid because the money was put into reserve now total in the neighbourhood of \$9 billion. This, really, is a form of interest-free loan. Yet according to Statistics Canada there were more than 300 people in this country in 1976 with incomes of \$50,000 or more who paid no income tax at all, and this at a time when the government says it cannot afford to cut income tax, or to put more money into job creation, or to finance the building of more than about 30,000 homes for use by people who cannot afford to buy or rent homes and pay commercial rates.

I say, as has been said by many including the *Financial Times*, that the budget and the tax resolution we are now being asked to vote have been a failure and will be a failure. They will not meet the requirements of the country, will not change the rate of unemployment, which is likely to get worse, and will not substantially change the rate of inflation we are experiencing.

So what the people have to look forward to is more unemployment and more inflation created largely by a government which has lost its will, a government which never had an understanding of the nature of the problems facing us or of the steps required to change direction and begin reducing the number of the unemployed and halting the rapid escalation in the cost of living. For these reasons I intend to vote against this budget resolution and continue to call on the government to take measures which are capable of meeting the problems before us in the form of unemployment and inflation, measures which it has so far declined to take.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my participation in the debate tonight will be brief. I rise not simply to support the amendment of the hon. member for Oshawa-Whitby (Mr. Broadbent) but to urge the government to support the amendment, and to do so very quickly in order that parliament can get on with the other urgent business which needs to be dealt with and the government can proceed with the changes it now knows it will be forced to make in Bill C-56 before it will be accepted by its own caucus, by the House and by the province of Quebec.

The situation is simple. The Minister of Finance (Mr. Chrétien) made a very serious mistake in proposing a budget measure which required the agreement of the provinces with-