

*Income Tax Act*

Saskatchewan, unemployment has reached its highest level for many years, and there are indications that it will increase before the winter is over.

Our inflationary difficulties should also persuade the government to loosen many of the restraints under which we labour. It is becoming increasingly apparent that this government's anti-inflationary policies are not working. So-called voluntary restraints are not working. All available evidence suggests that government anti-inflationary policies are nothing but a colossal failure. We must examine again our inflationary difficulties. The *Globe and Mail* this morning carried an article showing how living costs are increasing in this country. Apparently, according to the article, living costs in many of the economically depressed areas of the country are increasing more rapidly than in some cities. For example, the cost of living in the past few months has risen more rapidly in Saskatoon than in Toronto. All this clearly shows that the government must change its policies if it is to fight inflation and bring down living costs in this country. It is certain that we shall not fight inflation by imposing the sort of surtax this bill envisages. We can only help our people by spending more money in the public sector. We must be prepared to spend more on people, on urban affairs, on housing, and on helping the poorer people of this country to help themselves so that they may have a chance in life.

We must be prepared to spend more money for the benefit of our grain farmers and farmers generally in western Canada. Too often our farmers feel that we are floundering along in the dark, and the resulting difficulties come about through no fault of theirs. Unless we help our farmers, many of them will leave the land, move into the cities, and probably create many difficulties for us there. May I remind hon. members of the findings of a presidential committee set up when President Kennedy was the first executive of the United States. It said that violence and crime are on the increase in the United States largely because many people from the rural areas have been forced to move into the cities. Those people from the rural parts do not have the skill and training to cope with the city environment; they become alienated and frustrated, and many of them resort to violence and crime. We shall have to think about matters like that in this country and spend much more money on our people. We must try to solve some of the problems we are confronted with and spend less on items like

the *Bonaventure* or the writing off of Expo debts. I think we should spend a great deal less in the field of defence, because it is futile for us to be spending so much money on weapons that will effectively kill more and more people when we are not spending enough on food and programs that will enable our people to help themselves.

As I said, Mr. Speaker, I do not think the government's anti-inflationary policies are effective. I do not think they are even beginning to dampen down inflation. Inflation is not to be cured with the government's present policies. It seems to me that the government is fighting inflation with policies that increase living costs and hurt the little guy, the man living on a pension or on a fixed income. You cannot fight inflation merely by firing a few unfortunate civil servants or raising interest rates. Not much good can be done by creating difficulties for farmers. That is no way to combat inflation in a meaningful way. I submit that we ought to think seriously about exercising some kind of economic control over some of the bigger corporations and business enterprises in Canada. Many of these corporations are having a field day because of the policies of this government.

• (5:10 p.m.)

When we look at the bank profits for the last year we see that they are the highest ever or at least the highest this country has seen for a long time. Corporation profits are up a great amount this year over last year. These people are not going to voluntarily co-operate to fight against inflation if they do not have to do so. Why should they? The basic motivation of free enterprise or capitalism is competition and profit. If these people are good capitalists or free enterprisers, they must have a respectable figure in the profit column. They will not co-operate with the government if they do not have to do so.

They are not faced with the high interest with which the wage earners are confronted. They do not have to borrow huge sums of money. They just reinvest much of their own profits in their own business. Meanwhile, the person on a fixed income of \$5,000 to \$8,000 a year who is trying to buy a house has to borrow money at a high interest rate. He is penalized. The same applies to the small businessman. His business is not big enough to maintain itself. He is affected by the policy this government adopts in the fight against inflation.

I could mention a number of effects this government's policy on inflation is having,