

Income Tax Act

It is interesting to take a look at the record with respect to inflation. If we look at last year and at the performance this year up to April 1971, and compare our position with that of other developed countries, some revealing statistics become available. What was the inflation rate of the United States in 1970? It was 5.9 per cent. What was it up to April 1971? It was 4.6 per cent. What was the inflation rate in Japan in 1970? It was 7.7 per cent. What was it up to April 1971? It was 5.6 per cent. Germany in 1970 had an inflation rate of 3.8 per cent and up to April 1971 it had an inflation rate of 4.6 per cent. In France, the inflation rate in 1970 was 5.3 per cent, and up to April 1971 it was 5 per cent. In the United Kingdom, the inflation rate was 6.4 per cent in 1970, and under the Conservative government up to April 1971 they had the impressive inflation rate of 8.8 per cent. What was the Canadian inflation rate about which the hon. member for Edmonton West (Mr. Lambert) is complaining during this period? In 1970 our inflation rate was 2.4 per cent, considerably lower than that of any industrialized country, and in 1971 we had the more impressive record, considerably lower than that of any other industrialized country. Yet, the hon. member for Edmonton West moved a motion to deny second reading, alleging unacceptable levels of inflation without ever mentioning the statistical evidence.

He then goes on to speak about a stagnant economy. This is a political charge which is unsupported in his argument and unsupported by facts. What are the facts? First, the Canadian economy has been expanding at accelerating rates since the first quarter of 1970. Second, during the first half of 1971 the real increase in the nation's output of goods and services was 6.2 per cent at an annual rate. This is almost double the growth rate for 1970 as a whole. Third, the increase in the gross national product in the second quarter of the year at an annual rate of 8.9 per cent was the largest quarterly increase in two years. Fourth, demand for goods and services by business people in Canada is now advancing, with consumers taking the lead. The increase in consumer expenditure during the second quarter of this year was 4.3 per cent, the largest quarterly rise in many years. Even so, inventories are low, and this is a good omen for the expansion of output, particularly in Canadian manufacturing. Fifth, housing starts in the second quarter of the year amounted to 225,000 at an annual rate, and in August the rate was up to 243,000, indicating a record number of starts for 1971 as a whole. Sixth, total capital investment rose by 5.7 per cent in the second quarter, and business capital expenditures by 6 per cent. The mid-year survey of investment was recently revised upward by 2 per cent to 11 per cent. Seventh, increases in productivity have been high, but in spite of that the economy has produced 245,000 jobs in the past 12 months. These facts make a mockery of that part of the motion which alleges economic stagnation and, I suggest, seriously calls into question the credibility of the hon. member for Edmonton West.

But the motion goes further. The Conservatives declined to give second reading because proposals in Bill C-259 fail to provide sufficient stimulus. The motion indicates the need for, first, appropriate tax cuts, second, incentives, and third, exemptions. Everyone who has read Bill C-259 knows that it contains proposals for all three. One would reasonably expect, if the opposition intend to

stop progress on Bill C-259 as they are doing by moving the reasoned amendment before us which, as everyone knows, would effectively kill the bill if carried, that they would have some solid reasons for doing so and, more important, equally solid proposals to put forward as alternatives.

I urge you reluctantly, Mr. Speaker, and other members of the House to scour the turgid prose of the hon. member for Edmonton West for any single substantial proposal that would even begin to accomplish what the motion seeks to commend. None can be found and, what is worse, an examination of the remarks of the leader of that party a day later on September 14 in the House of Commons reveals they are equally barren of substantive proposals. One can only conclude, being as generous as possible, that the opposition is not credible and is less than candid with the Canadian people. If they have serious reasons for moving the reasoned amendment, then we should know them.

An hon. Member: Nonsense.

Mr. Faulkner: The hon. member for Athabasca (Mr. Yewchuk) is rarely present in the House and he is trying to make up for lost time with interjections which I hope will be recorded because they are all we ever hear from him.

We should know what proposals opposition members intend to make in fairly precise terms dealing with tax cuts, incentives and exemptions. The speeches that have been made by the Leader of the Opposition (Mr. Stanfield) and the financial spokesman for that party, the hon. member for Edmonton West, have been barren of such precision. Instead, we have been flogged with attacks of all kinds to fudge the clear absence of plans or serious thought on the part of the opposition.

My position is that this Parliament should address itself seriously to the present proposals for tax reform before it. The protracted period of public discussion which preceded this bill has inevitably contributed to a sense of uncertainty among Canadians and Canadian business people. This Parliament has a responsibility to end this uncertainty and to establish tax guidelines for citizens and business alike and to do so quickly. To delay a decision unnecessarily would be to undermine the momentum which the economy has been gathering since early this year.

The motion speaks about unemployment. I want to say a few words about this as it relates to tax reform. But before I do so, let me make some general observations about the situation which we face. On August 15 the president of the United States announced a program designed primarily to remedy that country's deteriorating balance of payments position. Accepting the premise that something had to be done about the hemorrhaging that was taking place in that country, what is being sought by the U.S. administration is an adjustment or a set of adjustments with all countries sharing some of the load. Personally, I am not satisfied that the approach which the American administration is proposing is either equitable or appropriate. A working party of GATT officials referring to the surcharge alone described it as illegal and inappropriate and urged its removal within a short time. What is disturbing is that some—and I stress the word "some"—of these arbitrary measures proposed by the pre-

[Mr. Faulkner.]