

The Budget—Mr. Fraser

Mercier (Mr. Boulanger) said that in his riding a working man could buy a house for \$21,000. I am glad that is so, but in my riding that is absolutely impossible.

We do have a problem. The Conference Board of Canada in its report on budget night said this:

Housing is intended to be, again, marginally stimulated through the increase in AHOP grants and through the removal of the 5 per cent sales tax on insulation materials. But the stimulus here, to the extent that it really operates, is more likely to stimulate demand than supply of new housing—and could, conceivably push the economy even more quickly to a severe housing shortage within the next year. The key issue of finding increased stimulus to expanding supply of new housing has not been directly addressed in this budget.

Why is that so? It is not because there is a single member on the government side who does not want to increase housing. It is not because the members of the government do not care. It is because we have gotten ourselves into a situation where we cannot manoeuvre, and we are starting to face the reality that we do not have the resources to meet the real needs of the country.

I want to say something about some individual items in the budget, and I will pass over them quickly. It is interesting that the government felt it necessary to end government annuities. I give the government credit that at least in ending them it increased the return for those who have bought these annuities. But I ask hon. members what it signifies when a government finally says it cannot give government annuities? It signifies that the government recognizes that it has not got sufficient confidence in what is going to happen in the future to commit itself to the long term. If the government recognizes that, then how do the people all across the land feel? People wonder why the ethic of thrift and prudence seems at times to be going out the window.

● (1520)

During the last election campaign I spoke with a man in my riding who had worked all his life and retired on a small annuity of about \$170 per month. He told me how it had been depreciated by inflation, and then he said with a great deal of bitterness and rancor, "I taught my kids to save; I should have taught them to spend."

The end of the annuities is a signal that once governments thought with a certain amount of assurance that they could look to the future with some confidence in the stability of money supply but rising prices have put an end to that; it is a signal to all of us.

There is very little direction in this budget, Mr. Speaker, and I do not say this with any vituperation. The Unemployment Insurance Act had created a kind of unofficial full employment target by punishing the government's revenues. When unemployment reached over 4 per cent it was a way of saying to the government, "Let's get this under control because now it is going to cost the taxpayer a lot of money". On Monday night, for the purposes of unemployment insurance payments, the government removed the 4 per cent benchmark and replaced it with an eight year moving average. That is a signal to us all that things have got out of control and there is no certainty of where we are going.

Another interesting feature of the last few weeks was the exchange between myself, the Minister of Finance,

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and the Minister of Labour (Mr. Munro). The Minister of Finance apparently has indicated that as to the labour share of net national income, labour is now going back up to where it ought to be, at 73.3 per cent, and yet in fact labour is still below what it was four years ago at 75 per cent, and significantly below labour's share in the United States of 76 per cent. There was nothing in the budget to indicate where we are going on any of these things. The minister just does not know and that is the result of going on year after year, lurching from one budget to the other.

I should like to deal now with the ten cent tax on gasoline. Hon. members will recall that in the budget speech the Minister of Finance said it was a conservation measure. As reported at page 7032 of *Hansard* he said:

The increased cost of gasoline resulting from these measures should encourage motorists to make their driving habits more efficient in terms of saving gasoline.

He went on to say:

Both improved driving practices and better operating characteristics can make significant contributions to needed fuel conservation.

In his speech the Minister of Energy, Mines and Resources (Mr. Macdonald) said, as reported at page 7074 of *Hansard*:

I could spend a good deal of time, if it were available, talking on the positive side, the conservation argument.

When the Minister of Finance was questioned on this in the last day or so he made it quite clear that conservation was not the basis of the tax—the purpose of the tax was to raise revenues. The same situation exists with the present tax on small boats and outboards. The government has not given us the conservation effects of the 10 per cent tax on those products because the reason is really financial.

Hon. members should study very closely the words of the Minister of Regional Economic Expansion (Mr. Jamieson) in regard to the ten cents per gallon tax on gasoline as being the fairest way to meet the needs of the moment. Again as reported at page 7074 of *Hansard*, he said:

Nevertheless, on balance it is a more proper way of doing it than to use the technique proposed opposite, namely, to do it through general taxation or something of that sort. I do not believe that would turn out to be anything as fair in the long run.

I would ask my friends on the government side whether it is now government policy to say that a regressive tax of this nature is fairer than a tax based on a progressive income tax act. I do not think there is a member on the government side who would want to say that, after due reflection. That is why we say that if you are going to put a tax like this on, it should come out of general revenue. That is the only fair way to do it. When suggestions are made that somehow or other the private consumer of gasoline will find ways to cut down consumption, that is hardly credible because it is so very difficult to do.

Another reason why it is incredible is that if the consumer conserves his gasoline then the government is not going to get the tax revenue it needs. You cannot have it both ways, Mr. Speaker. There are ways to conserve gasoline, but at the moment when you do not have a transportation system which is adequate in most parts of the country, and hundreds of thousands of people have to drive for 40 minutes to and from work, a tax which visits itself more severely on the less affluent is not fair. If you claim it is for conservation purposes but cannot justify