

*The Budget—Mr. Allard*

tradition by providing for standard raises based solely on nominal categories.

The present budget lacks dynamic incentives to boost productivity and encourage skilled labour in order to meet international competition.

Another well-informed columnist, Mr. Peter Newman, said, and rightly so, in an article published in *La Presse* on March 30, 1966, and I quote:

1. Almost no provision has been made for those parts of Canada where unemployment rather than inflation is the real problem, particularly as manpower in Canada will increase by 220,000 new workers this year, many of whom will not have the advantage of being where work is available.

2. Only a weak effort has been made to deal with the serious problem of the Canadian balance of payments, which has increased considerably. By asserting that Canada intends to maintain the stability of its currency, Mr. Sharp gave the financial community—at home as well as abroad—the reassurance it wanted.

Mr. Speaker, a list of the highlights of the present budget would read as follows:

Small tax cut for the small wage earners.

Higher taxes for average and top bracket wage earners, from 10 to 14 per cent.

Status quo with regard to the basic exemptions.

No basic increase in old age benefits or in family allowances.

Reduction of the tax on industrial machinery but in a year only, and repeal in two years.

Decrease of 10 per cent in building expenditures and deferment of non urgent works.

It is obvious that the minister has sacrificed to his economic views, which I do not share at all, the social, family, humanitarian and regional needs of the Canadian people.

And yet, in the last year governments, institutions and several Canadians have declared war on poverty.

The tax cut for small wage earners is equivalent to a huge reduction of 6 cents a week, that is the price of a package of chewing gum. Is the minister trying to make people forget poverty by just advising small wage earners to chew gum?

The failure to increase the basic income tax exemption in a social, family and humanitarian concept and the refusal to increase old age pensions and family allowances show a total disregard of urgent and widespread needs.

The minister is too quick to close his eyes to the canker of poverty which must always be the government's main concern, as stated

so aptly recently by the Quebec Minister of Family and Social Welfare, Hon. René Lévesque.

I do not find any originality or initiative in the field of personal income tax. The present budget remains too orthodox and cold.

For instance, what does the minister think of the theory of negative taxation which is now being studied in the United States? Is he ready to set up a committee to study that matter, within his department or elsewhere, instead of waiting calmly for other countries to lead the way in that direction?

Negative taxation is based on the principle of distributive justice. Each citizen, throughout his life, must get a minimum income to live.

That negative tax is set according to a line of poverty. In the United States there was talk of setting the line at \$3,000 per family. In Canada it could be set at \$2,500 or \$2,000.

Thus, taking \$3,000 as the basic line, an individual who would earn only \$2,200 would get the difference from the state, that is \$800. An individual earning \$4,000 would be taxed on the excess, that is on \$1,000.

● (8:10 p.m.)

A personal income tax would continue to apply to those with incomes higher than the amount set as the poverty line. Anyone earning less than the amount set as the poverty line would be paid by the government the difference between his earned income and the amount set as the poverty line. The individual who would earn nothing because he would be unemployed, would get the full amount set as the poverty line.

This would result in the removal of all social allowances, including unemployment insurance, except payments for education, hospital insurance and medicare.

It would be appropriate to maintain certain real estate and indirect taxes.

That is a new and imaginative system. It is under consideration by the Johnson administration but its possible application has been delayed in the United States by the extension of the war in Viet Nam.

What does the Canadian government do during that time? It is blissfully asleep on the same old clichés. It struts pompously along in stagnation. It immunizes itself against any new idea. Nothing can be done and everything seems stupid, unless it has been tried previously. The earth, the sun and the moon came about because there were precedents. What a mentality!

No wonder Canadian politics lack vitality and renovation.