

The Budget—Mr. Monteith

Mr. Monteith: The minister has placed a surtax of 5 per cent on Canadian taxpayers to meet his cash situation. I want it clearly understood, and this is in reply to the interjection by the minister a moment ago, that this party is not against government spending for productive, positive projects. There is nothing new about that stand which was made clear by the leader of this party in his recent speech on a supply motion. What we are against is waste, uncontrolled and undisciplined spending for the sake of spending of the kind indulged in at least up to now by this government.

The minister gave corporations a refundable tax. I am sure that the individual Canadian taxpayer would appreciate a refundable tax, but as usual this Liberal government has come down heavily on the individual. Actually, corporations have come out best in this whole deal. They do not face any increase in taxes like Mr. Average Canadian faces. Even though corporations are going to pay their income tax some two months earlier than formerly, they are definitely going to receive the refundable tax which was levied on them after the 1966 budget. If this government remains in office much longer these corporations will probably be paying current taxes in advance of the year in which they are applicable. Could not the minister have considered the plight of the average taxpayer and made this 5 per cent surcharge refundable? This could then have given a lift to the economy when the government, if ever, dropped the 5 per cent surcharge, and again when it was refunded.

Let us review briefly the history of this government's taxing policy since it assumed office in 1963.

Mr. Stanfield: Oh, we can't stand that.

Mr. Monteith: This started with the ill-fated effort of the hon. member for Davenport (Mr. Gordon) in June, 1963, and I will not outline all the backing and filling in which the minister of that day subsequently had to participate. Let me remind the house that this policy was full of wild experiments and partisan jibes. Let me further point out exactly how that budget was the first step taken by this government toward the calamitous state in which we find the economic affairs of Canada today. I am not going to enumerate all the various and somewhat minor changes,—and most of the major changes suggested by the minister of that day were abandoned,—but I should like to bring to your attention and recall that in the

budget of 1963 the minister proposed an 11 per cent sales tax on building materials and machinery. Under pressure this was subsequently amended to 4 per cent to March 31, 1964, 8 per cent to December 31, 1964 and 11 per cent thereafter.

Mr. Sharp: Because of the big budgetary deficit of the previous Conservative government.

Mr. Monteith: This government was warned then that it was contributing toward the inflationary trend and would substantially increase the cost of housing and construction as a whole. I remember the Minister of Finance (Mr. Sharp) getting up in his place, down the aisle a little bit, attempting to defend that budget and the 11 per cent sales tax on building materials and machinery. He is just as responsible as any member of the treasury benches, including the then minister of finance. This house knows that as a result of that 11 per cent sales tax the cost of housing has skyrocketed at the expense of the average taxpayer in Canada.

So far I have only been discussing budgetary matters, but I think at this time I should mention that on September 30, 1963 the old age security tax on personal income was increased by 1 per cent, with a ceiling of \$120. This was to cover the increase in old age security of \$10 per month which came into effect on the same date.

• (3:40 p.m.)

I think it is fair to point out, however, that it was only as a result of the efforts of the then right hon. leader of the opposition that the government was forced to capitulate and grant this increase to our hard-pressed elder citizens.

The net budget was brought down on March 16, 1964. There were no changes in income or sales tax rates. But let us recall that on April 1, 1964, the sales tax on building materials and machinery was increased from 4 per cent to 8 per cent and that as of January 1, 1965, it was to be further increased to 11 per cent.

On April 26, 1965, we had the last budget of the then minister of finance. He gave us a 10 per cent income tax reduction. Despite the denials of the government at that time, it was a pre-election budget; and such, of course, it turned out to be. We all recall the fact that when the house adjourned for the summer recess we were to come back in the early fall, but instead of that the Prime Minister (Mr. Pearson), at the suggestion of