

*Income Tax*

apparent as one examines the legislation before the House and, more important, as one listens to what the Minister of Finance has to say about it.

It has been pointed out many times the serious nature of the economic problems of this nation. We have the highest unemployment in Canada since the depression in terms of absolute numbers. We have continuing inflation. If it were not so serious, Mr. Speaker, we could laugh at the joke of the government talking about a 6 per cent inflation rate next year. There is no likelihood that inflation will be at that level. We also have one of the most serious balance of payments problems that we have had in our history.

What was so disappointing about the remarks of the Minister of Finance when he introduced the bill and talked about a minor tax cut was that he gave no indication whatsoever that the government was going to take a new approach to managing the economy. The direction in which the government is moving is so wrong, Mr. Speaker, and the policies the government has been pursuing during the last few years are not working.

How much evidence of this do we need? Unemployment keeps increasing. Inflation keeps increasing. Our balance of payments position keeps getting worse. We have always measured our economic performance against that of the United States and there is usually a six months' lag between what happens in the Canadian economy and what happens to that of the United States. We are out of that relationship now. Surely the government must see that its approach to economic policy-making in Canada is not working any longer.

One had hoped that in the mini-budget presentation of the Minister of Finance we would see at least a glimmer of some new approach to economic policy making, but that was not the case. This is very sad, Mr. Speaker, and it is not really the political consequences of this which are important. What is really important is that one million Canadians are not going to find any work this winter and our economic situation will continue to deteriorate.

How can it be that a country which ought to be one of the richest in the world, that has so many resources, keeps becoming poorer relative to other countries? As my hon. friend from York-Simcoe keeps telling the House, in terms of per capita real wealth in our country has slipped from second place in the world to tenth place. The countries of the world which are improving their economic position are the Middle East countries and other countries with resources. We have resources. Why are we mismanaging our economy so much that we are going in the wrong direction so far as economic activity is concerned?

One of the greatest myths presented to the Canadian people is that they are told that we cannot do anything about our economic performance, that we have to suffer through what we are experiencing today. It is not true, as the Minister of Finance alleged in committee the other day, that nobody knows how to solve the economic problems of the world, that we are all suffering to the same degree. This is just not so. Many countries around the world are improving their economic performance, while ours is getting worse.

Our trouble, Mr. Speaker, is that the Department of Finance is locked into a budget-making policy that no longer works. The department is still taking the position, as the Minister of Finance himself said the other night, that we can operate on old fashioned, Keynesian, gross expenditure economic policies of the sort we operated on in the early 1950's and 1960's. I say we cannot. A few years ago economists in the United States council of economic advisers and some economists in Canada were saying that we could fine tune the economy to determine how much unemployment and how much inflation we were going to have by adjusting gross tax revenues and gross expenditures. Well, we have given that up because it just did not work.

More important, Mr. Speaker, we have to give up the whole idea that we can manipulate levels of unemployment and inflation in this country by changing gross expenditures and adopting Keynesian theories. The reality—and this is the message I want to get across to the people of Canada this evening, and particularly to the Minister of Finance—is that if the Department of Finance continues to pretend that by making changes to the tax structure only or making extensive changes to expenditure patterns only we are going to solve unemployment and inflation and our balance of payments problem in Canada, then it is absolutely dead wrong. If the department continues to adopt this line, this nation will suffer even more tragic economic problems than it is facing at the present time.

It is calamitous to continue saying that we cannot solve our economic problems. We can solve them, Mr. Speaker, but we need a totally new approach. The totally new approach that the Minister of Finance and his department have to take begins with recognition that in a large country such as Canada, with its great regional differences, you cannot now use these former policies. Budgets and economic policies must now be designed to meet the needs of the various regions and sectors of this country.

For example, I find it unnecessary that in this country we have a fishing industry which is not one of the most productive in the world. How is it possible for the government to spend several years negotiating a 200 mile jurisdictional limit off our shores, and yet today we do not have as much as one refrigerator ship which is able to harvest the products of those waters? How is it possible that we are willing to accept 20 to 25 per cent unemployment in the Atlantic provinces and yet not develop a fishing industry? We have one of the largest coastlines of any country in the world, and yet we don't have an international fishing industry. Why don't we? Why hasn't the government done something about this? Why doesn't it start making its budget decisions in such a way as to make certain that we have one of the most competitive international fishing industries in the world?

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How is it possible that in Canada between 1970 and 1975 we imported twice as much mining equipment as we exported? How can this be necessary when we have one of the major mining industries in the world? Why is Germany one of the