

Supply—Finance

that is the situation we will still be 90,000 homes short of what we require even to keep up with the target set by the Economic Council of Canada to say nothing of the half a million families in Canada who are living in substandard houses. The higher rates of interest make it virtually impossible for persons with incomes of \$8,000 or less to own their own homes.

The other day in one of his election speeches the Minister of Transport said that today a working man cannot afford to build a house. I commend the Minister of Transport for having discovered this very apparent fact. I cannot commend him or his colleagues for what they have done about it. Serviced lots have risen in price by 40 per cent since 1964. The average family in Canada is now being compelled to pay over 30 per cent of their income for shelter when the Canadian Welfare Council has said that the very maximum a family can afford to pay for shelter is from 20 per cent to 25 per cent.

In this very brief review of the economy I suggest to the minister that his optimistic statement yesterday about the upthrust in our economy continuing is sheer balderdash. I suggest that the economy is going down, unemployment is going up, the cost of living is rising at an accelerated pace, we are not keeping abreast of the need for homes in Canada, and the state of the economy today is an indictment of this government and its policies. It does not make anybody who is acquainted with the facts any happier when the minister comes into the house and tries to tell us as he did last night that all is well within the world and that the minister is in his place.

What does the government propose to do? First of all, the government introduced some fiscal measures. Bill C-193 was introduced and defeated. It is not necessary for me to go over the circumstances of that. It was a measure to impose among other things a 5 per cent surtax on the wage and salary earners. I think the house should be congratulated for having rejected that bill. I believe the government in the long run will find that their bungling and ineptitude in allowing it to be defeated did them a good turn because had that bill been passed it would have been a mistake of catastrophic magnitude. Now the minister proposes another measure. Instead of the 5 per cent surcharge on personal income tax he proposes a 3 per cent tax on personal income with the floor raised from \$100 to \$200 and no ceiling and a 3 per cent surtax on the corporations of this country.

There is no doubt that this is some improvement. At least the minister has taken off the ceiling so that everybody will pay the surtax. He has reduced it from 5 per cent to 3 per cent. He has decided to place some of the burden upon the corporations. Surely, however, this is an attempt to deal with a malignant growth by putting on a band-aid. Surely this is a complete failure to grapple with the real problems which confront this country. First of all the minister is planning to impose a 3 per cent tax on incomes, whether personal or corporate, based on a structure which is already inequitable and unjust. The New Democratic party maintains that the government has no right to put on any tax until it restructures our tax system and places it on a fair and equitable basis.

● (3:30 p.m.)

The minister was out to get \$185 million. He chipped that down by saying he will cut expenditures by \$75 million, so he will only need \$110 million. If the minister had been prepared to accept one of the basic recommendations of the Carter report, if he had been prepared to require oil companies, insurance companies and mining companies to pay not a special tax but just the same taxes and other corporations and had been prepared to remove the special concessions which these companies enjoy, he could have obtained another \$200 million in revenues. We say that until the government is prepared to make the freeloaders pay their share of the taxes it has no right to ask anybody else to pay increased taxes.

Of course, the more fundamental point is that the answer does not lie in imposing more taxes or in curtailing essential government services. This is an outworn concept that we thought had died in the 1930's or had been destroyed by Franklin Delano Roosevelt and Lord Keynes. Surely the answer to our present situation is stimulation of productivity. If we can do what the Economic Council of Canada said we should be doing, reduce unemployment to 3 per cent and increase our gross national product in real terms by 5½ or 6 per cent, we would have no problem of inflation.

The government does not start at the right end. The government's idea of solving this problem is to put more taxes on the wage and salary earners and on the corporations. Let me point out that the increased tax on corporations will be inflationary because it will be passed on to the consumers in the form of an