

*Income Tax Act*

● (3:10 p.m.)

Similarly, in the case of the 3 per cent surtax, there has been a very chameleon-like approach on the part of the government. Two years ago the Minister of Finance (Mr. Benson) made it clear that the surtax was being extended not because the government needed the revenue but for the purpose of economic stabilization, to restrain the economy. When the proposal was first introduced in the House in 1968, the prime minister of the day also made it clear that the measure was being put forward for the purpose of economic restraint. Now, the Minister of Finance tells us in his budget statement that he has put forward this proposal to extend the surtax in 1971 because the government needs the cash. He seems able to find a reason to suit every occasion, and the people who suffer are the Canadian people.

In my view this proposal will not produce one new job for the 668,000 who were out of work in January or for the 750,000 who, as statistics will probably show, are out of employment this month. It will not contribute one iota to the alleviation of the serious economic difficulties which face the country at the present time. The government has such a record of abject failure in its economic policies that I feel it will be found wanting by the Canadian people when the time comes. I wish to make it clear that we certainly oppose this bill on third reading, as we did at the other stages when it was under consideration.

[Translation]

**Mr. Adrien Lambert (Bellechasse):** Mr. Speaker, I am really amazed to find that the Minister of Finance (Mr. Benson) persists in wanting the House to pass Bill C-225 in spite of the sound remarks made by members of the opposition and although this tax that had been levied temporarily should have been definitely removed. Yet, the government is still getting the taxpayers' money and still calling it a temporary tax, but it will become permanent automatically if it is renewed every year.

Members of the Opposition are not the only ones to oppose this 3 per cent tax; some well informed businessmen and politicians across the country have also made representations to the government and stated that this tax which will bring in \$245 million will be a direct cause of increased unemployment. Notwithstanding the budget speech made by the Minister of Finance last December 3, one can note that his forecasts did not prove true. This is what he said on that occasion:

Of prime importance is the fact that employment is rising in Canada and unemployment on a seasonally adjusted basis appears to be falling. This underlying improvement is suggested in the statistics for September and October after allowing for normal seasonal patterns. There may yet be month-to-month fluctuations from the trend.

From month to month, the unemployment rate has been increasing and the number of jobs has been falling. Later, the minister said, and I quote:

There is no question, however, that the rate of growth of employment must improve and that unemployment must be reduced if the economy is best to serve our overriding objective of the highest sustainable improvement in the standard of living of all Canadians.

[Mr. Burton.]

Last year, the same government, asked us to pass an act to extend that 3 per cent tax pretexting the fight against inflation. The Minister of Finance said, on December 3, and I quote:

Both inflation of prices and high unemployment are our enemies—

I agree with what he said, but not with the means used to fight against those two enemies.

At the end of 1970, the Prime Minister (Mr. Trudeau) said that the fight against inflation was over, that the monster had been brought to heel and that now we must come to grips with the problems of poverty and unemployment.

These are the direct consequences of too heavy taxes. They contribute to discourage businessmen, to increase the rate of unemployment, because of the direct effect on the consumer who cannot enjoy an adequate purchasing power to ensure the subsistence of his wife and children, to provide for his needs. When millions are misappropriated, the turnover of industries decreases, because they sell smaller quantities of products, and automatically, repeat orders become rarer, culminating in the lay-off of employees.

● (3:20 p.m.)

That situation is getting worse all the time. That is why during the fall of 1970, the premier of Alberta accused the federal government of hindering the development of the economy of his province. The relevant report follows:

Mr. Strom points out that unemployment which has reached its highest level in 25 years, keeps on increasing in an alarming way.

The federal government's haphazard and indiscriminate fight against inflation did not place the retired people or others in better circumstances. The only thing it did was to drive hundreds of thousands of Canadians on the verge of catastrophe.

Considering the statistics on bankruptcies, which increase more and more, I believe the premier of Alberta was perfectly right when he said the direct consequences of that policy was catastrophe for a great number of Canadian businessmen.

I come back to the quotation:

He said that Ottawa should create new employment opportunities, encourage businessmen and establish a general climate which would stimulate expansion.

For the government, to look after economic development is to designate poor areas, developed areas and rich areas, and then inject money into the first, forget the second and penalize the rich areas.

The penalty against the rich areas consist in postponing allowances granted for capital expenses.

After examining the results of such a policy as regards the individual, Mr. Strom is reported as having said:

Mr. Strom declares that his government does not approve the federal policy on regional assistance, since it is based on statistics and not on real individual poverty.

Individuals suffer from poverty or unemployment, not areas.

Certainly the individuals are the more deeply and bitterly affected. It is enough to get in touch with the people in charge of all the welfare centres in the country