

done with regard to the winter or that the short term and longer term problems are entirely distinct. I am not prepared to admit this, but I wish to emphasize that the government must be prepared in respect of its over-all approach and the methods it uses. We have the attitude of the Minister of Finance the other day when he said, I believe in answer to a question from the New Democratic Party, that if expenditures were increased he hoped the opposition would be prepared to support a tax increase to take care of them. Apart from anything else, this is an answer which would appear to indicate an attitude which is completely oblivious of the problem we are facing this winter. That type of answer was wrong-headed on three counts. First, it overlooked the need for expanded employment. Second, it implied the conviction and the assumption that tax increases are themselves anti-inflationary, whereas this by no means is apparent in view of the experience in this country during the past couple of years. Third, I believe the minister was ignoring the fact that if we use the technique suggested by the Economic Council of Canada, that is, the use of a full employment budget analysis. There is still some pretty substantial restraint in the over-all stance of governments in this country, particularly the government of Canada.

I suggest, without offence, that the Minister of Finance and his associates are living in the past, and that the massive number of unemployed this winter are paying a heavy price for this. Even this government must surely recognize now that it is confronted with a serious problem, that the outlook is substantially different from that forecast last spring, that more must be done to move the economy forward and that more must be done to meet the prospects of this winter.

I say there ought to be an autumn—or perhaps now early winter—budget. The Minister of Finance ought not to wait until spring to outline the fiscal policies and fiscal stance appropriate to Canada in this new context. This must now be obvious to the government.

**An hon. Member:** Do it now, why wait till spring.

**Mr. Benson:** I did it a month ago.

**Mr. Stanfield:** The minister said he did this a month ago. He presented a sort of resumé of the things he would do. That is far short of a statement of a budgetary nature including a forecast of conditions and including, in particular, a precise statement of the objectives and stance of the government. It is urgent that this government now set out clearly the course for the economy as it sees it and remove the ambiguity that exists, because the government keeps talking about restraints at the same time as it keeps talking about loosening the supply of money. As a result, Canadians do not really know today how much expansion in the economy and reduction in unemployment the government would really like to see brought about. The government must give leadership, it must set a clear course for the economy.

### *Employment Programs*

• (3:40 p.m.)

The psychology of the situation is very important. As I said, I do not think that Canadians generally, including the business community, are certain in their minds just where the government would like the economy to go. The government must remove the uncertainties that are holding back decisions in the private sector with regard to investment. There is, first of all, the floating dollar which is creating great uncertainty because nobody knows whether it is going to be pegged for sure, when it is going to be pegged, or the rate at which it will be pegged. I realize that the minister cannot tell me this afternoon what his plans are in this regard. I realize he cannot tip his hand. But I do urge upon him the importance of removing the uncertainty that this creates as soon as it is possible to do so, because this is creating great uncertainty, especially for those involved in the export business, but also for those involved in virtually any business in the country.

Second, there is the uncertainty that exists today with regard to tax reform. People who are making decisions about investment do not know how much of the white paper on tax reform the minister will implement. They do not know whether the minister is going to accept the recommendations made by the House of Commons committee and which recommendations of the Senate he will accept. Here, we have another area of confusion and of uncertainty. It is important that the minister clarify and eliminate uncertainty in this area as rapidly as possible.

**Some hon. Members:** Hear, hear.

**Mr. Stanfield:** I think also—and I make this recommendation very earnestly to the minister—that tax reductions would be appropriate in the present context. We in this party have urged for a long time the elimination of the 11 per cent sales tax on building materials. I urge that this be done in the area of housing because this would very substantially stimulate a good deal of employment in the near future, and quite quickly.

I suggest also that the minister should move to reduce income taxes, especially for those at the lower end of the income scale. I suggest it is not good enough simply to eliminate the 3 per cent surtax after January 1. It is simply not enough to drop that surtax after January 1 to achieve the necessary psychological effect. It would be like a number of changes that the government has made to date, and no doubt we will hear them repeated by the Minister of Finance as they have been repeated time after time by spokesmen for the government. These changes have not been enough to establish the necessary psychological climate in the country to support a healthy expansion.

I suggest that a reduction in income tax, especially, as I said, at the lower end of the scale, of at least twice the level of the surtax, which I hope will go in any event after January 1, will do a lot to help create the necessary climate for expansion. There is no reason at all to believe in this context that this would be an inflationary propos-