

*The Budget—Mr. Keays*

The Minister has not found it proper immediately to eliminate the sales tax on production machinery and building materials. As I said earlier, plans to expand are going on, notwithstanding the forced savings on corporation profits. By planning the gradual elimination of the sales tax on machinery, we are only prolonging the inflationary period in which, when competition becomes more severe, we will not be in the same league as those who will be competing for markets, either domestic or foreign. If eventually we are forced to sell to meet competition, then our corporations will not be making a profit and, this being so, will not be an asset to our country.

When I realize that power chain saws are subject to the 11 per cent sales tax, I cannot understand the reasoning behind such a move. We are penalizing the woodsman because he wishes to work, and are endeavouring to discourage him from producing more. Measures of this kind are not conducive to increased production. We have discouraged home building. I can refer the minister only to a statement made by Mr. Jean-Yves Gélinas, president, National House Builders Association. Mr. Gélinas states, as quoted in the *Globe and Mail* of April 7:

Government policy has helped push house prices beyond the means of many Canadians. The 11 per cent federal sales tax that remains on building materials contributes to inflation. In a tight mortgage market the builder finds himself in the position of a drowning man coming up for the third time and having the government reach forth and pull him from his predicament through the simple expediency of putting some mortgage money on the market. The government is the hero. Of course what is forgotten is that the rescuer originally pushed the victim in.

The article goes on to say:

The industry was asked last year by the federal government to gear itself for a doubling of production, he said, but such planning requires an assurance that mortgage money will be available.

Then Mr. Gélinas proceeds to say:

● (3:20 p.m.)

Today the government, in its concern about inflation, has taken a deliberate course to restrict mortgage funds available under the National Housing Act.

Further on he states:

In some areas it appears that C.M.H.C. has refused to approve loans for pre-sold houses to home-owner applicants. It is our contention that this policy is not halting inflationary trends, but rather it is contributing to inflation.

There you have a statement by the president of the National House Builders Association with regard to a problem which in

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itself is of great concern to all Canadians. The country is aware of the fact that we do not have the funds necessary to continue public housing because the commitments of 1965 were not in keeping with the increases of the preceding two years. There is in this country a shortage of housing and the government does not seem to be fully aware of the danger of allowing a regression rather than an increase, which there must be to meet the demand for housing and the immediate need for slum clearance.

The daring budget was not heard. There is no imaginative undertaking. We have not ventured into new grounds for increasing productivity. We are satisfied to withhold expenditures in those areas of high employment, forgetting totally those hundreds of thousands of Canadians who live in depressed areas and we seem to condemn them forever to a secondary way of living. I do hope the minister will reconsider the sad effects that his budget will be creating in the areas of high unemployment and will take steps to cause a greater concentration on a settlement of the problems in these areas, and thus bring their level of income within striking distance of those living in the high employment areas of our country.

**Mr. David Orlikow (Winnipeg North):** Mr. Speaker, the budget proposals of the Minister of Finance (Mr. Sharp) when he spoke several days ago can only have the effect of making the rich of this country richer, and of the poor and the sick continuing to live in poverty and ill health. If the minister has ever heard of the idea that a budget should be used to redistribute the income of the people of the country on a more equitable basis, he certainly did not give any indication in the budget that he considered this principle of any importance. This budget is characterised by its tremendous concern for the status quo, for not interfering with the right of business to make a profit under any circumstances.

Today I wish to speak about one phase of Canada's life which I think the minister ignored completely. I refer to the fact that if this country is to progress as it must, there is an immediate need for a tremendous increase in our efforts in the field of scientific research. The present Minister of Citizenship and Immigration (Mr. Marchand), while he