

Income Tax Act

mean still higher prices, which will cause still more unemployment. Since the beginning of this year the cost of housing alone is up 7 per cent. Investment charges have pushed the cost of non-residential construction up 7.3 per cent. The prices of machinery and equipment are up over 3 per cent, while over-all prices in our economy rose $3\frac{1}{2}$ per cent in the first nine months of 1969.

I could quote many other statistics to indicate the rising-cost trend in Canada, but the figures I have quoted are sufficient to show that the Canadian people have no faith in the government. The Canadian people do not believe anything will be done to curb inflation, and therefore they are still trying to acquire homes, furnishings and properties before costs escalate still higher. We can go back as far back as 1965, Mr. Speaker, and we find that the government at that time was talking about the dangers of inflation. It was referred to in the budget of 1966, in the mini-budget of September, 1966, in the budget of June, 1967, in the mini-budget of 1967, and in the budget of March, 1968. On all these occasions we were warned of the dangers of inflation, and the government had apparently only one remedy to propose, namely, an increase in taxes.

These successive tax increases have been presented as anti-inflationary and no doubt they would have been if the money had been used to build up a government surplus so that the government could stay out of the bond market. Instead, these successive tax increases have been more than matched by increases in government spending, which have added to our inflationary spiral. We ask the government, "What do you plan to do with all the money you are taking away from Canadians? When are you going to inform this House, and Canadians generally, about your spending priorities?"

I believe that if the government really wants to reverse the trend it must first establish its own credibility. This it has not done, Mr. Speaker. It must stop introducing bills of this nature, which violate its word to the Canadian people. It must also strengthen the arm of the Prices and Incomes Commission. At present the Commission is like a punch-drunk fighter, swinging in all directions, but whose punches lack force. The type of diplomacy practised by the Commission so far has been nothing but a waste of time and effort. The Commission is nothing but window-dressing. It is the laughing stock of unions and management alike. Only when the

man in the street is made aware that the government means business in its attempt to fight inflation, and only then, will we make any real progress.

The Prices and Incomes Commission is a child of the government. As a first step the child should take the parent aside and point out the economic facts of life, so that bills of this nature would not be brought before Parliament. The Commission should point out to the government the need for keeping its taxes, tax increases and spending growth to a minimum for the next two years, or at least until inflation is under control. In the public sector one of the problems faced by the Commission is that the people with whom it discusses inflation are not threatened directly by tough federal, fiscal or monetary policies. In fact, the government has what I would call a cream-puff policy toward inflation.

The government's present taxation policies cause the burden of unemployment to fall mainly on the low-income group. They are the ones who today are being asked to carry the heaviest load. Executives, civil servants, doctors, lawyers, and even labour leaders are in a strong position to keep their incomes ahead of inflation. None of the people in these classes is likely to be thrown out of work by what economists predict will be a more severe recession in 1970 than that which we are facing in 1969.

● (9:00 p.m.)

The Prices and Incomes Commission is therefore arguing its case for urgency that inflation be cured to a group that is still unconvinced that the problems of inflation and the consequences of announced government restraint are vital and urgent. One of the things we do not need is another study of inflation in order to advise the government how it can avoid another wage-price spiral in our economy. Surely the facts behind mounting inflation are now well known to the government and its supporters. What is now called for by the majority of Canadians is leadership and action and an indication of real economies in government operations. Anyone can increase taxes, and that is what the bill before us proposes to do. That is what it is, Mr. Speaker—an increase in taxes.

Some hon. Members: Hear, hear.

Mr. Crouse: The Canadian people expected this load to be taken off their backs. They were foolish enough to believe the then minister of finance when he stated this surtax