

*Income Tax Act*

Canadian government acts on its own to extend fishing zones in the Atlantic.

This is an example of what little thought has been given by the government when preparing this tax law. They lump everyone together. They assume that everyone is making money, but unfortunately such is not the case. It has also become clear that the government's increasing influence over the economic climate in which business, labour and all active participants in the economy function, is having a serious effect on business expansion. Therefore, it has become of paramount importance that these participants and governments improve and make effective communications and working relationships with each other.

In addition to establishing working Canadian financial policies, the government must consider its international financial and trading relationships. We are faced with a startling fact at present. We must realize that the total expenditures by governments, including transfer payments, now represent more than one third of the country's total outlay on goods and services. They require levels of taxation which place a heavy burden on individuals and corporations and, in fact, upon all the productive resources of the country.

It is suggested that the degree of participation in the economy by the three levels of government, federal, provincial and municipal, may well have reached the saturation point and the complex relations between the various levels of government should not be allowed to obscure the fact that all tax revenue is collected from one and the same source, namely the individual taxpayer. Much of the government outlay is for essential services and much needed capital facilities, but in a rapidly growing and increasingly urbanized economy, there is a continuous demand for additional facilities and services. This poses a real need for evaluating those proposals put forth by any sector of the economy and for establishing some system of priorities.

A substantial share of the government's expenditures now go for social welfare purposes or simply represent transfers of income. I believe it is important that the federal government assign proper priorities to the activities of its various departments. The increase in the population and a more developed economy have resulted in the expansion of government operations. New welfare programs have been undertaken for the alleviation of unacceptably low living standards. While many of these programs are obviously socially desirable it should be recognized that the inflation which faces us today is due in no small measure to the expanded social welfare programs which have been instituted during the past decade. Furthermore, the resulting high tax level is having an adverse effect on our ability to remain competitive in world markets.

• (2:50 p.m.)

I believe there is urgent need for greater discipline and restraint on the part of all three levels of government when authorizing expenditures. Taxpayers can reasonably demand that their elected representatives should exercise the same care when spending tax dollars as they themselves must use when spending their own money. Government expenditures should be restrained so that on

the average, over the business cycle, they do not grow faster than the gross national product. Efforts must be made to reduce the tendency of departments to engage in costly projects because they have unused funds in their budgets. I say this as a result of my years of experience on the Public Accounts Committee. Many times, when examining expenditures, we were told by the Auditor General that certain projects were continued for a further year simply because an amount had been voted for these programs but had not been used. Notwithstanding the fact that circumstances had changed and that it would have been better for the country had those developments been halted, decisions were taken to continue them. I believe this method of spending public funds should be thoroughly reviewed by the cabinet. If need be, bonuses could be offered to departments which did not use all their funds. In any case, something ought to be done to alter the present system.

I also believe that taxpayers should, as far as possible, be made aware of the extent to which they contribute to revenue through multiple taxation. Demand for the continuation of existing programs or for the establishment of new ones might be more restrained if a policy of full disclosure were applied so as to represent clearly to the taxpayer the impact such measures would have upon him and upon other productive elements in our society which already carry such a heavy tax burden. The complex relations between the various levels of government should not be allowed to obscure the fact that whether raised by one government or another, tax revenues all come from the same source, ultimately. The tax burden on the Canadian economy has become so heavy that it cannot fail to have serious and adverse effects. I believe it is vital to the well-being of this nation that there should be constant liaison through appropriate structures to bring the various taxing authorities together to the end that optimum results might be achieved at minimum expense to the public.

On the subject of budgetary procedure, I believe present arrangements are in need of revision, so as to permit the Minister of Finance, after making the necessary provision for security, to supplement the undoubted resources of the public service by seeking advice from outside quarters. It is now evident that despite the claim by those who now sit on the front benches opposite that they would practice what they call participatory democracy, no effort is being made to put this principle into practice. It would seem to me and to many Canadians that this promise has become a hollow phrase. It is evident from the number of briefs submitted to members of all political stripes that the Canadian business community is vitally concerned and very much confused. Quite frankly, it is showing a lack of confidence in itself, in Canada, and, certainly, in the government. This is a consequence of the many changes which have been made or proposed to the bill we are discussing today. When we see before us the proposals for changes in the various sections, amendments to those proposals and still further amendments to those amendments we cannot but recognize that the government is operating in a fog of uncertainty.

It is for this reason that I suggest the Minister of Finance should consider bringing in outside experts when putting his budget together. I realize this was tried in the

[Mr. Crouse.]