

*Finance*

the total scope of the conference, and to this extent the minister's report today fails to disclose what was the subject of the greater portion of the discussions at the conference, namely, the reaction of the provinces to the white paper on tax changes. I deliberately say tax changes and do not use the word "reform" because it is becoming more and more apparent as the public reacts that the public does not consider the proposals in any way a reform.

In any event, I would have liked the minister to indicate, in view of the attitude of the provinces to the white paper, what were their reactions to it. After all, it is absolutely implicit and goes to the very heart and core of any income tax system in this country that there be the closest degree of co-operation between the federal government and the provinces. At the moment it looks as though the federal government has decided to go into an orbit of its own and that the provinces, frankly, could not care less.

I will make the prophecy that it will be a long time before the white paper can be implemented if the present attitude of the government to the provinces in regard to these tax proposals is continued. There has to be a much greater modification of them and conciliation shown by the federal government toward the provinces and their proper aspirations in regard to our tax system.

Having said that, I want to turn to what was said in connection with the other part of the conference. I think it is quite right to say that we agree that the reaction of the provincial governments was in keeping with their responsibilities. After the provincial representatives have referred the matter to their colleagues and the provincial governments have taken an official attitude, I trust the provinces may be able to bring forward some suggestions that will assist in making the attempt to fight inflation more successful. I suppose that inflation is internally the most serious problem facing Canada today, though I would say it will be soon overtaken by the problem created by the increasing degree of unemployment.

I also feel it is unfortunate that organized labour, presumably through the spokesmen of the CLC and the CNTU, has so far failed to show any real initiative in making the fight against inflation a common cause. I would have thought it would be better on their part to participate in dialogue with the government in the fight against inflation, even if they do not agree with the views of the other side—

[Mr. Lambert (Edmonton West).]

and they are fully entitled to their opinions—instead of merely standing on the sidelines and taking what I suggest is a purely negative stance.

I come now to a further point, one emphasized by the Minister of Finance this afternoon. I refer to his insistence that Dr. Young acts completely independently of the government. I should like to know what is the government's stand. The country is facing the problem of inflation, and the responsibility of fighting it is the government's. Yet they are standing idly by, presumably offering Dr. Young as a sacrificial lamb in this instance.

I say that a degree of leadership is now called for on the part of the government of Canada. If this independent commission dealing with prices and incomes is unable to get all the parties together, is the solution merely to throw up one's hands? I would say that the duty of the government is clear. From this point on the Prime Minister (Mr. Trudeau) must make every effort to get organized labour to participate with him and members of the cabinet in a meaningful dialogue in order to fight inflation. Let them get down to talking instead of insulting one another from a distance. I would say that this is the essence of leadership. If inflation is left as a problem for Dr. Young and his colleagues to resolve, the government is abdicating its own responsibility.

The minister indicated, as some slender reed of success or claimed success on the part of the Prices and Incomes Commission, that there has been a decline in business profits and that this was brought about voluntarily. The minister has to be much more credible than that. There is no evidence that in the first quarter of this year or in the first month of this year the decline in business profits has been attributable to voluntary restraint. All I ask the minister to do is to look at the figures for lagging retail sales, for auto sales and at the slump in the construction industry. Let him look at the wholesale decline in the issuance of building permits and the 40-odd percent decline in new housing starts.

Then the minister has obviously forgotten the decline in agricultural incomes that has now worked its way into the system and which is why we now see that business profits have declined. They have declined because they are just not there. To say that this has been the result of voluntary restrictions by businessmen, and is therefore evidence of the success or partial success of the Prices and Incomes Commission, I suggest is really stretching the point.