

Income Tax Act

impossible. Ultimately, society concludes—whether it be capitalist or socialist—that we must move in the direction of egalitarianism. You must move to sit on those whose incomes are high, restraining them more than those at the bottom. More than that, you have to take from those whose incomes are high and bring up those at the bottom. This means that the only kind of incomes policy that has any chance of working in the long run is one that moves in the direction of egalitarianism or equalization of income.

● (1600)

I see that my friends in the Conservative party are slightly appalled at that suggestion. They should have thought of that when they started talking about wage and price controls. It cannot work. It cannot be acceptable in any other form. Any kind of policy-setting by public design that does not move in the direction of egalitarianism will not be acceptable to society. Those who bring it in without understanding the consequences are making a terrible error in judgment. It does not mean that when you get through with this exercise, everyone's income will be the same. No one knows at what point society will say it has had enough egalitarianism and we must stop. Whether there should be a ratio of 1 to 3 for those at the top, 1 to 2, or 1 to 1 is a decision that society has to make.

What I am arguing is that any incomes policy must be seen to be moving in that direction in order to have any hope of success. As far as the tax bill before us is concerned, there is very little beyond the one measure that moves in that direction. Quite the contrary; it moves in the opposite direction, with those who get their income by profits and dividends being more favoured.

Mr. Lambert (Edmonton West): Because they saved.

Mr. Saltzman: The hon. member for Edmonton West says it is because they saved. I am sure it is because they saved. Obviously, you cannot take taxes from those who do not have any money. However, it must also be said that the poor would love to save. The poor do not have anything against saving. They would love to save if only they had enough money to save. In order to save, you need to have some kind of surplus.

Surely the hon. member is not going back to the sixteenth or seventeenth century where saving was a sign of virtue and all people had an equal opportunity to save. The way to have money today is by denying yourself; all you have to do is look around society and you will see how true that is. I know that those who deny themselves the least are the ones who save the most. They have enough to live on, as well as enough to save. Those who deny themselves the most are the ones who cannot save anything. They do not have enough to live on, let alone to save. The idea of saving being a Calvinist virtue and rewarding beyond measure those that save is not supported by either the facts or the logic of the situation.

We are looking at an inflation policy and budgetary measures that really have to deal with all sorts of problems in our society. I am sure that when he has an opportunity, the parliamentary secretary will tell me that this budget and this bill were not designed to do those things I am talking about but to stimulate investment, and for no other purpose. If he says that, I will be inclined to agree with

[Mr. Saltzman.]

him. That is certainly the purpose of this budget. What I am saying is that that kind of budget is out of whack with other things the government is trying to do.

We in Canada have far more than an inflation problem. At the moment, we are all very much concerned about inflation. We should be concerned. It is a serious problem, something that must be dealt with by public policy. However, in the course of dealing with inflation we should not lose sight of two other important measures. One I have referred to is the need for egalitarianism, equality in a democratic society, and the need to use the tax system for that purpose. The other important point is that at the same time as we are moving in the direction of equality and controlling inflation we must be doing something about unemployment. Unemployment is a serious problem. It may not be quite the personal tragedy it was before we had unemployment insurance and other social welfare measures; however, it is a national tragedy of the greatest importance.

It has been estimated that every 1 per cent of unemployment results in a loss to the gross national product of between \$2 billion and \$3 billion a year. We pay out almost \$4 billion a year on unemployment insurance. That probably results in a loss to our gross national product of upward of \$10 billion. Statisticians deplore the fact that our gross national product is not growing. They say this is because people are not working hard, or something else is happening. They ignore the fact that it is not growing because of the enormous level of unemployment we have in this country. You cannot expect the gross national product to grow under those circumstances.

I do not think the gross national product is everything. It is not the end of life. However, it is important for many reasons. It is important because we have many problems in our society and we need wealth to solve them. Also, we have a responsibility to other parts of the world which desperately need our help and resources. When we waste our resources and talents, and mismanage our economy, we are short-changing the hungry and desperate of the world who need our help. It is immoral not to give help and it is immoral to destroy the basis on which that help could be based. Therefore, it is important that we get back to full employment as soon as possible. I want to discuss that question in conjunction with the kind of stimulation that is needed in the budget.

The rationale for an incomes policy is this: if you do not have an incomes policy and you stimulate the economy to full employment, you get an unacceptable level of inflation. Therefore, a restraint policy is brought in for the purpose of containing inflation while at the same time moving to full employment. A restraint program cannot be justified on any other basis except that you are using it as a way of moving toward full employment.

There is virtually nothing in the budget measures before us to give anyone any degree of confidence that we are moving toward full employment. In view of this restraint program, what we should be doing in budgetary measures is stimulating the economy by increase purchasing power. We can do that by providing purchasing power at the lowest end of the income scale, to those who need to spend, to those who want to spend and to those who have the greatest need. We do not need to do that by stimulating