

Income Tax

minister has removed from the tax rolls since assuming his portfolio three years ago and I was surprised that there were still some people left to pay the taxes. Perhaps the minister uses the same kind of mathematics as he applies to other budgetary items. The fact is that through direct taxation, in 1974 this government raised \$11 billion. The projection for 1976 is \$16 billion in taxes. That is an increase in revenue of some 40 per cent. Let no one be fooled that there has been a tax cut. It is time the minister stated things the way they are. The fact is that the government is going to collect more, not less. The minister said he has always been candid with the Canadian people. Perhaps some of his candid admissions should include the amount of money he is collecting today, relative to the time he assumed this portfolio.

If we are to control government expenditure, it is my opinion that we must first control revenue. Once we control revenue, hopefully the message will get through to the government that control of expenditure should and must also take place. We know that government expenditure is the largest single factor influencing inflation today. The minister has called for voluntary restraints. Bill C-49 is an attempt to regularize many of the minister's tax programs. In reference to voluntary restraints, the minister has rightly suggested that in the last election the people of Canada rejected a policy of price and wage controls. The alternative is voluntary restraint, with the hope that the people of Canada will respond.

If the minister is sincere about voluntary restraint, he should be a disciple of his own principles, and one principle should be to cut government expenditure. Having done that, the minister would be in a morally sound position to ask labour, industry and the average wage earner to reduce the demand on the Canadian economy. When will the minister apply to the government his voluntary restraint program?

There is a provision in the budget under which the first \$1,000 in interest earned on savings is tax free. I commend the minister for it, and I have done so before. The Economic Council of Canada in its eleventh review stated that savings were being seriously eroded by inflation and that the government should take steps to protect the savings of Canadians and also to encourage Canadians to save.

● (1600)

However, in the so-called welfare syndrome in which we find ourselves, when you talk to old age pensioners who might have some savings and are getting a small income from those savings, you find that one of the difficulties that arises is that they might be better off if they had spent everything rather than saving, because presently they see their guaranteed income supplement being reduced as they receive other income. For instance, the Canada Pension Plan, which a number of retired persons are now receiving, is reducing their guaranteed income supplement. You might say, on one hand, that that is fine; but on the other hand, these people who contributed to the economy during their working years now feel they are being penalized by this government on the basis that they will receive less from the economy than people with no savings who are simply a burden on society. I say to the minister that there should be a review of the concept of the social welfare state. I think it is also time that we

[Mr. Epp.]

considered the protection of those who have contributed a great deal and gave them greater benefits than those who were not willing to contribute nearly as much.

Reverting to the matter of voluntary restraints that the minister spoke about, I question whether the minister's message has reached the cabinet, or is he so emasculated in the cabinet that what he says in public has no effect on what happens in cabinet discussions? Publicly and in his speeches, if you read the 36,000 words or so that were contained in the last one, he expresses sentiments with which I mostly agree; but once they are in the confines and privacy of the cabinet room, does the message that the minister states so clearly in public reach his cabinet colleagues? I see no evidence that, first, the message is coming through and, second, that the message is being followed by restraints. When I look at the supplementary estimates and imagine what the estimates might be on March 1, I shudder to think of the budgetary expenditures projected for this government.

I ask the minister, as he meets the various sectors of the community, what has been the outcome of those discussions, and what has been the outcome of discussions he is having within the cabinet in respect of government restraint? I know that to a large extent many of us have been repeating this theme, yet it bears repeating. In my opinion, middle-income earners in Canada, the fellows who go out every day with their lunch buckets and do their daily work, are saying to the government; "spend less. Give me a significant tax cut so that I can spend my money on essential items that I need for myself and my family."

Since 1972 we have seen the Canadian dollar's buying power eroded by roughly 20 per cent. So I would like to repeat the sentiments expressed by my colleague, the hon. member for York-Simcoe (Mr. Stevens), that the government is in a position to initiate a more substantial tax cut than was introduced in the budget. My colleague suggested another 5 per cent, which would amount to roughly another \$500 million.

Along with that, I submit to the government that it should cut waste. Let us take another look at the various grants that are being made. You might say, as an elected official, that that is one area in which we should not get involved. But I suggest that we should look at the Canada Council grants being paid out, and at some of the money that is being expended for language training. Let us look at the growth of the public service and, as the public service grows, the facilities that the public service expects.

It is my understanding that this year our budget for public works is increasing by 38 per cent, and the contracts that are coming down for public works are up to 20 per cent higher than those projected in the department. Let us look at some of the waste. I know that various provincial governments have frozen further expansion of government buildings and services for the time being, to release some of the materials for the private sector. I say that it can be done if we have the will to do it, but only if we make the fundamental decision that government growth, and with it government expenditure, has gone far enough.

I say to the minister and his officials that it is time they considered very seriously giving leadership to the federal