

Income Tax

Department of Regional Economic Expansion. There are rumours in the press that the government is considering the possibility of abolishing DREE, a department which was established in 1968 in order to try to rectify some of the basic inequities which we have in Canada. The government is talking about the possibility of disbanding FIRA, the Foreign Investment Review Agency, since it may be scaring off foreign investment.

These two bodies were set up to provide some kind of positive direction for this country, but even these timid steps are an embarrassment to the cabinet and to many MPs opposite. Instead of abolishing them, the government should have the courage to tackle the economic problems facing Canada today, and to do things for ordinary people, not for large corporations such as INCO, Imperial Oil, the big money men, and other companies that are controlled and owned outside Canada.

Mr. Gordon Towers (Red Deer): Mr. Speaker, it is not my purpose to protect the government from what might be said by the hon. member for Yorkton-Melville (Mr. Nystrom), but I should like to elaborate for a moment on the statement he made that money should not be going into business but should be used for labour. Perhaps the best example I can give of putting money into business would be if the Farm Credit Corporation lent a farmer \$45,000 to buy a combine. If he wanted to use labour instead he would probably have to employ about 500 people. I suppose that is what the hon. member for Yorkton-Melville was talking about.

If you assume that it would cost in the vicinity of \$10,000 to \$10,500 a year to operate that combine, if you divide that sum by 500 people with a flail to do the same work this would give about \$21 per person for a season's work. About 75 years ago that is what was happening in this country, so perhaps the hon. member for Yorkton-Melville should bring himself up to date and, instead of talking about the Leader of the Opposition (Mr. Clark) so much, put his own position in perspective.

With regard to the comments made today by the President of the Treasury Board (Mr. Andras), there is no doubt he was comparing apples with oranges. He stated that there would be approximately an 8 per cent increase in expenditure this year, but he did not say that he was using estimates and expenditures. He was not going from estimate to estimate from one fiscal year to the next. It is a trifle misleading for the minister to use this figure of 8 per cent, when it runs close to 10 per cent in actual fact.

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Also the minister stated that it was not his purpose to obscure and patch over the government's weakness, yet it was quite evident that he was not prepared to give a balanced view of what the government was doing at the present time. In fact, it was a very, very foxy presentation which he made today.

He had to admit that the over-all growth of Canada is down, because there is no way around it, even though he said that there was a pessimistic view being promoted by people

[Mr. Nystrom.]

throughout Canada today. Also he indicated that it was on page one of newspapers and on the 11 o'clock news. I do not think the minister is being exactly fair when he makes comments like that and does not tell the exact truth. He did not tell us that approximately ten years ago the federal government was borrowing from pension funds in Canada approximately \$500 million. This year, 1977-78, the government will probably borrow in the area of \$1.8 billion or \$2 billion from pension funds. If this were treated as a debt, that is, the figures the minister was presenting to the House of Commons, then it would be more realistic and it would not be so misleading. This is why I said his presentation today was foxy.

In the last five years the federal government has borrowed from pension funds approximately \$7.5 billion. This is just a paper figure. The same thing is happening with the money which is going into the grain stabilization fund. The government should be putting in there \$2 for every dollar that the producer is putting in, and it is not doing that. It is just treating that as a paper figure. It will calculate the interest. It will be there. I am not saying the government will try to beat either the farmers or those who have paid into the pension fund, but we have to recognize this is happening. Somewhere down the road there will be a day of reckoning and the government of the day will have to come up with the financing. I am referring to that which the government is obligated to pay out of those funds.

The minister stated today that there is a comparative expenditure related to what it would have been ten years ago in relation to the gross national product. The significant thing the minister missed was the fact that the over-all debt today is accelerating at a greater rate than it ever has in Canadian history.

Last year the government borrowed approximately \$19 for every \$100 it spent. This year the government borrows \$23 for every \$100 it spends. When you consider the government in the last ten years has doubled the Canadian debt, the debt which was accumulated over the first 100 years, then certainly we have to consider the direction in which we are going.

The minister also referred to his inability to go to businesses and unions and tell them how to correct the problem. I realize he cannot do that, because the government should be setting a proper example. There is no way unions or businesses will co-operate with the government until such time as the government sets an example. Certainly a 10 per cent increase is not setting a proper example of the manner in which inflation can be controlled. He also indicated that we were psyching ourselves into a depression. I must impress upon this House that there is a tremendous difference between psyching ourselves into a depression and facing up to the facts. This is one of the things the government has failed to do, and thus it is misleading Canadians.

This afternoon in the House there were motions made by the hon. member for Calgary North (Mr. Woolliams) and the hon. member for Lethbridge (Mr. Hurlburt). I would identify myself with both of those, because we come from RCMP country and all recognize that the force is held in high regard