

Income Tax Act

During the past six years the federal government has recognized many provincial priorities by taking large and expensive steps with shared-cost programs and increased abatements to reduce the gap between provincial revenues and expenditures. Large funds are now being lent to the provinces by the Canada Pension Plan and this will help ease the outside borrowing problems of provincial governments. The current reorganization of regional development programs is also expected to provide considerable aid to the poorer provinces over the next few years by increasing the economic growth in these provinces and raising their revenue base.

When more than one-third of our gross national product is being collected in taxation by three levels of government, surely the principle adopted by the government in 1966 is the only way to ensure that over-all taxation increases at a minimum. When possible the government that is spending should be responsible for collecting. And the voter should know as far as is possible what is happening with his tax dollar.

This principle coupled with any new arrangements we may work out to improve federal-provincial consultation and methods for joint action should go a long way towards making confederation more viable for the 1970's.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, here we find ourselves 253 days from the date on which the minister delivered his budget message and advised the nation of the tax measures he proposed in order that revenues might catch up with expenditures. We got a great homily that night on the virtues of moderation and the need to control expenditures because, suddenly, the government has discovered that big, bad wolf called inflation. You know, there is a great temptation on this eve of the 1969 budget to gradually slip over into some sort of budget discussion. I watched the minister very carefully for the last ten minutes of his speech and mentioned to my friend for Winnipeg North Centre (Mr. Knowles) that at least we will be spared tomorrow night hearing the homily we are getting tonight.

Actually, this is not a budget debate. We could go into a great deal of interesting speculation about the effects of inflation and whether the tax proposals of the minister included in this bill have worked out. But that is for tomorrow and the subsequent debate. What we are dealing with tonight in Bill C-191, and the regulations passed by the

[Mr. Benson.]

minister some weeks ago in dealing with insurance companies, are proposals, outside of the estate tax and the gift tax, included in the minister's budget.

On the night of the budget I said that it is a savage budget, and I still think it is. It is savage because of its impact in raising some \$800 million of additional money one way or another. There was \$440 million in 1969-70 for the social development tax, some \$275 million in windfall advances for the corporation tax, something like \$95 million with regard to certain classes of companies, etc., etc. We will deal with all this as we go along. But why do we have to have all this? I called the budget savage because the incidence of taxation had to be savage, really savage, if it was to catch up with expenditures. And if I might make my budgetary observation now, I think it high time this government abandoned the philosophy that it must tax up the level of expenditures over which it has little apparent control.

The minister tried to justify the social development tax, saying that it was in a separate category and was not made available to the provinces. In February of this year the minister was assailed from all sides by provincial premiers and ministers of finance for this particular move on this part. There we saw a bit of the Artful Dodger. Of course, the provincial premiers were themselves facing the same sort of problem as the federal government; they too have been on a honeymoon of expenditure for many years and they are having to tax up to their expenditures. They are desperate to find money. But the minister tried to justify his action on the basis of, "Well, if we had imposed an ordinary increase in the income tax in order to raise moneys for provinces for some of their programs, the federal government would have been levying higher taxes merely on behalf of the provinces." I would agree with the minister that he is, to that extent.

• (8:20 p.m.)

But he would be raising moneys for the provinces in respect of programs foisted upon the provinces by the federal government. Medicare is an example. With the exception of Saskatchewan, it has been foisted on all the provinces; they have been blackjacked into compliance. They are to receive about 50 per cent of the national cost and in these circumstances they cannot possibly afford not to join. I suppose that ultimately Ontario will come into the the plan, and Quebec, too. It is like waving a blackjack and telling a man he