

auto parts manufacturers asked the Minister of Industry (Mr. Drury) to talk to the Minister of Finance (Mr. Sharp), I suggest that the Prime Minister talk to the Minister of Finance. The older people of this land are still waiting. Does the government care? I say no, Mr. Speaker.

Mr. Diefenbaker: There are only four ministers in the house now.

Mr. Monteith: Then there are other items like the sales tax on drugs. We promised to remove it. Last year the former minister of finance said he was not acting on it because the Special Committee on Food and Drugs was studying the situation. This year the present minister says that the committee is still studying it but if the committee recommends removal of the tax the government will act. I have never heard such nonsense, Mr. Speaker, asking the committee to make a recommendation and telling it beforehand the effect of anything it might say. We wish the minister would follow the same policy with respect to the Economic Council's program for greater productivity.

There are some temporary measures in the budget. There are the changes in the capital cost allowances but they really mean very little in the over-all picture. They are going to frustrate and confuse immeasurably the plans of the small businessman. I know, having been an auditor for this type of client for many years.

They are also going to hurt the farmer. Yet over all they will do little to change the direction of the economy. Capital cost allowance changes are not going to affect the expansion plans of several large corporations. I think I should mention one or two such as the Steel Company of Canada, General Motors, and MacMillan Bloedel and Powell River. This type of corporation is not going to let depreciation changes affect its plans for the future. If there is any curtailment we believe that it will merely put off still further the day when consumer demand can be met.

The income tax changes mean greater taxes for many Canadians, probably the best proof we have that the government is not going to try for a majority this year. Last year was rather obvious—taxes down, an election. Then the Canada Pension Plan came in and wiped out the difference. Now taxes are up—certainly no election.

To me the income tax changes are meaningless. They do assist the minister in his financing but the amounts involved are not

going to mean anything. Those who are gaining some minor benefits are going to spend the extra few cents a week, which is all it is going to amount to. Those who are receiving \$25,000 and over are not going to let an extra \$580 in tax deter them from buying a new car or anything else they may wish. In fact, the \$580 could well be savings that would have been reinvested in Canada's future by people in this category. A married person with two children, earning \$10,000 a year is going to pay something like \$119 extra tax. Here again this is not really going to affect inflation, but we wonder why wage earners making \$5,000 and up are being forced to pay more.

There is only one method to meet the problem of inflation and that is to increase supply to meet the demand. Mr. Speaker, if you really want to find something to challenge the willing, scare the daring and frighten the weak, you must try the minister's refundable tax on cash profits. It is not what it looks like; it looks like what it is not. I suggest the minister must have been reading Abe Lincoln when he thought that one up and he got carried away. Lincoln said:

Towering genius disdains a beaten path. It seeks regions hitherto unexplored.

Once again, Mr. Speaker, we see bureaucracy at work. The government is presuming to decide what is good for business and thinks it can do it better than business can decide for itself. I do not believe this is the case.

Let us just examine this 5 per cent refundable tax. Just what does this gimmick mean? I claim it is useless, impractical, unfair and unlikely to achieve the desired results. It is really nothing more than a forced loan to the government so that it can borrow money at 5 per cent, below the current market rate.

• (12:10 p.m.)

Inflation is expected to continue this year and the tax, therefore, is really a partial confiscation of capital, taken from business now and to be paid back when the dollars are worth less. It will be imposed on companies with no capital spending programs, and it is even possible to doubt that its real purpose is as an anti-inflationary measure. It will apply to any taxpaying corporation including banks, trust companies and companies in the service industry which have virtually no capital spending program. Therefore the tax cannot possibly curtail capital spending so far as these particular companies are concerned. It