

*Income Tax Act*

June budget and all those restrictions that had been proposed before that. Just a few months previous, the government had been imposing a surtax. In fact, this proposal represents an absolute condemnation of earlier acting out of the mouth of the ministry. A year before, the surtax had been added because it was needed. In June, it was dropped. The minister had this to say:

This change, combined with the elimination of the 3 per cent surtax, brings the effective reduction of corporation taxes from last July 1 to 10 per cent.

Isn't that setting up a beautiful Aunt Sally for nothing? In December, 1970, it was absolutely paramount to come in with a last minute budget to continue the dying 3 per cent surtax. Then, with a great fanfare, the surtax was removed in July, 1971. Why had it been put on in the first place? The economy was suffering just as much in December, 1970 when it was imposed. It was done so that the government could say "Well, we have now taken off a further 3 per cent; what good boys we are. We have taken 6 per cent off the tax payable on personal income tax since July 1." When you look at the June budget statement of the former Minister of Finance, it is replete with all the good things the government has done and how the economy is expanding. No wonder they had to make a change in the portfolio of the Minister of Finance. The former minister had lost any and all credibility as a result of the statements he made in October. Now, the present Minister of Finance (Mr. Turner) has to take charge of implementing this tax cut.

I am very interested in knowing when we are going to get the next budget presentation. Will it be before the Prime Minister (Mr. Trudeau) calls upon His Excellency? Are we going to get a budget presentation so that we will know that the budgetary deficit, as far as I can see at the moment, will be about \$1,200 million this year? Are we going to get an explanation of that? We must remember that it is the Canadian taxpayer who has to pay every blessed cent of those expenditures, which this year are up to \$18 billion. They wonder why the Canadian economy is suffering and creaking. In many instances it is not worth the candle to go off and do anything, because the tax will be so high. You will lose whatever you have made to somebody else, to somebody standing with a handout. The philosophy of the government has been to encourage the Canadian people to line up to receive handouts.

• (1620)

One hears people say the government should do this, the government should do that, the government should pay this, the government should pay that. How is this money raised except through taxation, taxation today and taxation tomorrow? All the more unjust is the taxation of those who have put money aside and saved it in various ways, for example, by joining pension plans. One has only to look at the Canada Pension Plan in the light of the increase in the cost of living to judge whether that plan is as good today, as it was when it was instituted. It is true that small increases to reflect the cost of living are embodied in escalator clauses. Benefits have increased. But the contributions payable have increased still more.

The same thing has happened with unemployment insurance. Benefits are increased. But the contributions go up, too. What happens when employers try to hire

[Mr. Lambert (Edmonton West).]

people? Why should people work? The difference between wages paid on so many jobs and the amount they can get from other sources is marginal.

**Mr. Bécharde:** Surely, the hon. member is not serious when he says that.

**Mr. Lambert (Edmonton West):** The hon. member says this is not serious. Let him come to my home city of Edmonton and I will show him.

**Mr. Bécharde:** I was suggesting the hon. member was not serious in saying such a thing.

**Mr. Lambert (Edmonton West):** Serious? Ask any entrepreneur, ask anyone in the trucking business or in warehousing. They will tell you: try to get men nowadays. In so many instances, the Department of Manpower tells people to go and collect unemployment insurance benefits. I have personally heard men say: Why should we put ourselves in jeopardy by placing ourselves in jobs which will pay \$150 and have to work—

**Mr. Bécharde:** Is that the advice you give them?

**Mr. Lambert (Edmonton West):** That is the wrong kind of advice.

**Mr. Bécharde:** That is why I say the hon. member is not serious.

**Mr. Lambert (Edmonton West):** I say this is the sort of mentality which the government is building up all the way through. This is the reason the Canadian economy is not doing well. People have forgotten how to work. Unless we do something to increase our productivity rate and reduce cost of production per unit, we shall find our overseas markets decreasing sharply as the days go by.

The parliamentary secretary knows the situation in the pulp and paper industry. As a result of the increase in the cost of production which, for a multiplicity of reasons, has taken place, many of our markets have been lost. It has meant that along with the effect of the floating dollar, we are simply outbid. It looks good to pile our goods in warehouses and congratulate ourselves on our ability to manufacture all these things. But it is the price that matters. Every year, sales decline. How many pulp or paper mills have been forced to close down or continue on a greatly reduced scale?

Look at the state of our heavy chemical industry, another example. Unless we can sell these commodities and services we are going through an exercise in frustration; we are raking leaves, and there is no government program, no form of baling out, which will do the country any real good until we make up our minds to counter inflation by reducing the unit cost of production, and become more competitive. Unless we do this, we are simply fooling ourselves.

I want to see tax changes which will provide a meaningful incentive to bring about an increase in production at lower cost in order that we may become more competitive. As Canadian productivity increases, we shall need to place less reliance on imports. Attention is called to great increases in Canadian exports at the present time. But consider the statistics relating to imports. Imports are