

The Address—Mr. Clancy

Mr. G. D. Clancy (Yorkton): Mr. Speaker, it is with a great deal of pleasure that I join with those who have preceded me in this debate in extending congratulations to the mover (Mr. Cote, Longueuil) and seconder (Mr. Basford) of the address in reply. The speech from the throne is a dull and subdued document. It contains only three new points. The balance is a rehash of measures carried over from the last session. It barely mentions, or ignores altogether, such important matters as national defence, high interest rates, unemployment, trade deficits and others with which this government must deal during this session.

The Canadian electors will remember the Liberal promises of full employment, reduction of federal expenditures, cutting taxes and increased social security, all of which was to be effected with a balanced budget. Today, the country faces an estimated deficit of \$600 million. The speech from the throne consists of measures left over from the 60 days of decision, measures which were introduced and then left to die on the order paper.

The fumbling policies of this government have resulted in bewilderment and confusion. The on again off again sales tax; nuclear war heads—now we have them or do we have them—all reveal the fumbling efforts of this government, added to which we have that fumbling effort to control foreign investment in Canada and to increase Canadian ownership. If one subtracts the export sales of prairie grain from the total exports, he gets a true picture of this government's efforts to increase exports. The record is not one that warrants the complacency of this government.

It is true that the government increased old age security pensions by \$10 per month. However, I should like to remind hon. members that it was pressure from the official opposition which resulted in this increase being made retroactive. I am heartily in favour of this increase, and I have no objection to the 1 per cent increase in my contribution.

Prices increased when the 11 per cent sales tax was imposed. Some prices did drop with the reduction of the tax to 4 per cent, but the cost to the consumer of many of the items required remains well above that in effect before the imposition of this tax. This increased the cost of construction and home repairs, a large factor in the rising cost of living. This was the result of the confusion created by the Minister of Finance.

The switch to the graduated tax created a situation where large firms can stockpile and are assured of a 4 per cent gain on their capital investment, plus a favourable competitive position in the coming year. The

smaller firms are not in a position to commence this type of operation, and as a result they are in an increasingly unfavourable competitive position. Surely the Minister of Finance must have foreseen the hardship this would impose on the small contractor and the small manufacturer wishing to expand?

The imposition of the sales tax on rebuilt and remanufactured goods is a serious blow to hundreds of small operators. The number of employees in each firm is not large, but in total these small firms employ an important percentage of the labour force.

The small independent businessman is already laden down with income tax collection and records, unemployment insurance collection and records, compensation payments and reports, as well as tax collection and record keeping for provincial and municipal authorities. The cost of providing these services adds to the cost of production by introducing a cost factor over which the operator has no control.

Will the sales tax imposed on this group accomplish its purpose? Will the increased revenue compensate for the liquidation of many of these firms and the resulting unemployment?

The Canadian tire dealer and retread association, on behalf of its members, points out (1) the direct sales tax will be collected from in excess of 700 firms, while formerly fewer than 10 firms collected the tax on all retread materials. The cost of collection will further reduce revenues. (2) The direct sales tax places a further burden on the small businessman, and increases his operating expenses with a net result of a lower net taxable income and, (3), the direct sales tax is inequitable in that the rate of tax on a retread is double the rate of tax on a comparable new tire. For example, the sales tax, as a percentage of the retail price on a 750 x 14-4 ply D.L.X. new is 3.6 per cent, and on a 750 x 14-4 ply D.L.X. retread the percentage of the sales tax as related to the retail price is 11 per cent.

The association further points out that increased costs will reduce sales. Unemployment will result over a wide area due to the failure, either by voluntary or compulsory liquidation, of many small Canadian owned businesses. The result of the tax on the small independent firms engaged in this trade will have a parallel effect on the hundreds of small independent firms engaged in the rebuilding and remanufacturing industry.

It was pointed out the other day that there has been a drop in the number of unemployed. This is good news and it is welcomed by every member of the house. However, there are some questions to be answered.