

Income Tax Act

been taken into account and after taxation, rose in that country by 7.5 per cent.

Any way you want to look at it, I do not think the performance of our government has been creditable. With that type of record, where federal income tax has risen at the rate of 20 per cent per year over the past five years, and the comment by the Minister of Finance that wages are going up by 7½ per cent per year, is it any wonder that during the last election campaign my leader campaigned for an indexing system which would compensate the average wage earner for the inflationary factor in his wages? It is unfortunate that in 1973 the average wage earner in Canada will not receive the benefit of my leader's suggestion. If the legislation which the Minister of Finance has designed—which largely copies our suggestion with regard to indexing—is passed, it is to be hoped that in 1974 the average wage earner will benefit from a compensating factor for inflation, if inflation still exists.

● (1500)

To be specific, when considering the corporate tax measure let there be no doubt that in terms of buying power after taxation this government has caused the average taxpayer in Canada to lose \$140 to \$180 per year in spending power. Considering that there are 10 million taxpayers, this represents over \$1 billion lost in buying power as a result of the government's mishandling of this country.

There is another point that should be brought out in the consideration of Bill C-192. The Minister of Finance referred to this question yesterday. We must not become complacent with the argument that, while we have inflation in this country, compared with other industrialized countries who have inflation we are not doing so badly. I again refer to the publication I mentioned. In the first quarter of this year, Canada's inflationary rate was 7.7 per cent. The United Kingdom, which used to have one of the highest rates of inflation in the world, is now down to 7 per cent. This is at least partly due to the wage and price control policy they have instituted. The rate in the United States is 5.8 per cent, and in France it is 3.5 per cent.

It was unfortunate yesterday that the Minister of Finance made various comparisons, that were mainly out of context, to show that our rate of inflation was not running at a higher rate than that of the United States. The fact is that for the 12 months of 1972 our rate of inflation was 5.1 per cent, compared with 3.4 per cent in the United States. We had a 50 per cent higher rate of inflation than did the United States.

It is interesting to note that in April of this year our inflationary increase was 1.1 per cent, compared with .7 per cent in the United States. The Minister of Finance was very careful yesterday not to touch on this fact. Here we have a contrast between the action of two governments living side by side. Even with an inflationary increase of 1.1 per cent our government still feels there is no need to do anything other than introduce what they call monetary and fiscal measures, whereas the United States, with a .7 per cent increase in the same month, is at least attempting to bring in some controls to take the heat off the spiralling rate of inflation.

I wish to go one step further and translate what I am saying into specifics. This will perhaps make it a little

[Mr. Stevens.]

easier to understand. It has often been stated that food prices are one of the big culprits in our inflationary spiral. This to some degree is true. However, there is another factor in our rate of inflation which has not been touched upon as much as it should have been. I refer to the real estate inflationary spiral. In my own area, for example, the government should accept some responsibility for the fact that in Newmarket—and I have witnessed this—offers for the purchase of homes were signed in the fall of 1972, and this spring those houses were sold for \$6,000 more than called for in the offers. I could furnish the Minister of Finance with an offer to purchase a home in Newmarket which was made on April 27, 1973. The purchaser agreed to pay \$29,500 for a home which was sold on June 19, 1972, for \$24,500. This is an increase of \$5,000 in that short period of time.

There was a similar situation in the town of Aurora. A lady purchased a home on March 15 of this year for \$30,500, notwithstanding the fact that it was sold October 6 last for \$23,900. Homes bought two years ago in Thornhill for \$42,000 are now selling for \$64,000. A home bought in Markham one year ago for \$34,000 sold recently for \$61,000. Lots in the town of Cambridge which sold for \$9,000 before Christmas are currently in the \$14,000 to \$16,000 range. In the township of West Gwillimbury in the county of Simcoe, a home which sold on September 28, 1972, for \$33,500 was resold on May 30 of this year for \$42,000. Surely that type of inflationary spiral needs more action than this government has given it up to this time.

That is just one side of the question. What continually mystifies me is that in committee and in this House the Minister of Finance and his officials have given no evidence that they really understand what they are doing. We have questioned them on whether they intend to rely solely upon monetary and fiscal measures to rectify the economic problems of this country: as far as we can surmise, they do, although they are never too specific. We have attempted to determine the economic thrust of the government; are they moving into a tight money or expensive money policy, or have they in mind a basically expansionary orientation?

Again, I can give specific examples to the minister, but small businessmen have told me they are now required by the chartered banks to pay as much as 10½ per cent interest on their borrowings, yet we were told by the Prime Minister (Mr. Trudeau) that a dual interest rate is being used by our banks. I suggest that if there is such a dual interest rate, the small businessman is paying the higher rate and the large businessman, presumably, is paying the comparatively lower rate. In looking at these figures we should at least consider the extent to which the government intends to invoke a tight money policy, presumably to correct inflation, without accepting the fact that in an industrial country we must adopt other than monetary and fiscal measures. Our chartered banks have been allowed to accept net deposits from foreign sources to the extent of \$1.1 billion, which is \$628 million higher than a year ago and higher, in fact, than Canadian chartered banks have held in the aggregate at any time in our history. The figures to which I am referring are those of net foreign assets. I believe they are relevant when we are considering Bill C-192.