

Income Tax

A large percentage of cars produced in Canada is sold in the United States. Actually, most cars produced in Canada are sold south of the border. Cars not produced in one country move across the border duty free; that is to say, they are duty free to the automobile companies, not to the consumer.

Although the auto pact has been in effect for half a dozen or more years, and although prices in Canada were supposed to be reduced to the same level, or almost the same level as prices in the United States, there is still a marked difference between the price of a car sold in Canada and one sold in the United States. For example, a Maverick purchased in Canada costs \$636 more than it costs in the United States. A Cordoba costs \$868 more in Canada than it does in the United States, and an Impala station wagon costs \$910 more in Canada than it does in the United States. The Canadian federal sales tax is responsible for part of the price differential. There is no such tax in the United States.

If you ignore the federal sales tax, there is no justification for the extra amount automobile companies charge to consumers. Even if we allow for the tax there remains a price differential of \$239 for the Maverick, \$232 for the Cardoba, and \$254 for the Impala station wagon. According to government statistics, Canadian car prices are generally 6.5 per cent higher than prices for identical cars sold in the United States. The government has permitted the automobile companies to do this.

I suggest that the price differential could be eliminated tomorrow if the Minister of Finance were to remove the duty on cars imported to Canada. If a Canadian consumer could drive from Toronto to Detroit, from Winnipeg to Fargo, North Dakota, or from Vancouver to Seattle and bring back a car without paying duty at the border, car prices in Canada would drop immediately; otherwise Canadian companies and Canadian dealers would not be able to sell their cars. But the government has not permitted this. The minister has not proposed such a move, not because it cannot be done, not because it should not be done, but because he thinks that what is good for General Motors is good for Canada. When a former president of General Motors who had been a cabinet minister in the United States said that, he was wrong. The Minister of Finance in effect has said this, and he is wrong.

We do not need the kinds of income tax proposals which the minister has brought forward; we need income tax proposals which will put people back to work. There is no reason why every person in this country who can work should not have a job. A number of provinces and the federal Department of Manpower have instituted programs with chronically unemployed people, including native people, and with others who have not worked regularly, which show that our people can be put to work. A number of experiments have demonstrated conclusively that every person in this country who is able to work can be put to work.

There is more than enough to be done in this country to keep all our people working. We need a government which is committed to full employment. If it were so

[Mr. Orlikow.]

committed, we would have it. If we are to obtain full employment we must believe, as this government does not, in real economic planning by the three levels of government. They must do those things which are necessary and must be done if we are to put our people back to work. We need to stimulate the economy with programs which will employ people. We need to stimulate the economy by cutting taxes, but not for corporations, not for people earning \$30,000 a year and more; we need to stimulate the economy by cutting taxes for people earning \$3,000, or \$5,000 or \$10,000 a year, because they need the tax cuts.

We could stimulate the economy by cutting indirect taxes like sales taxes. In the first nine months of 1974 revenues from federal sales taxes rose by 50 per cent. The effects of the federal sales tax are felt by all who buy almost any article in Canada. The government of Canada could cut the cost of living for every Canadian if it would cut the level of the federal sales tax.

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The effects of sales tax are felt most by those in the low income bracket. They are the ones who need the encouragement and the tax cuts. However, they are not getting them from this government.

We need manpower policies which will put people back to work. I recently had occasion to spend a couple of weeks in Germany examining, along with a number of other members from both sides of this House, their manpower programs. What we saw there makes our programs look—

Mr. Alexander: Sick.

Mr. Orlikow: The hon. member for Hamilton West (Mr. Alexander) says "sick". He was also on the trip. This is not the time or the place to go into detail, but they have the ambition to put such programs into effect. If someone is not working they immediately try to find him a job or upgrade his skill. We do not have such an ambition in Canada.

We should be discussing ways to deal with the more than 20 per cent of our people who live in poverty. How can we do that? We can do that by increasing the amounts paid to those living on pensions, welfare, or who are sick and cannot work. We can do that by cutting taxes for people in the lower and middle income brackets. Last but not least, we can do that by ending the welfare program for the corporate sector of the economy, something which has been carried on for too many years. We must plug the tax loopholes for the corporations and large businesses in this country.

We should adopt the basic recommendation made by the Carter commission, which was appointed by a Conservative government to look into the tax structure in Canada. That commission recommended that we plug the tax loopholes. It stated tax should be paid based on the ability to pay, that a dollar of income is a dollar of income, whether earned by a man digging ditches or by somebody clipping coupons as a result of investment in