

The Budget—Mr. Colin Cameron

business interests in the country, whose toes would be trodden upon, is in itself a commendation of that report. It was Professor Musgrave of Harvard who concluded his analysis of the report in the following words, which I paraphrase. He said that this is the most forward looking and equitable taxation program that has yet been produced in the world. He said that, as one who has been desperately trying for years to inch his own government in the same direction, he wishes Mr. Carter luck. Unfortunately his wish will not be fulfilled.

When I listened to the two ministers who presented the budget—

Mr. Sharp: Before the hon. member moves on to another subject, may I ask him whether he advocates all sections of the Carter commission report, or whether he does so in a qualified way?

Mr. Cameron (Nanaimo-Cowichan-The Islands): I am an advocate of all sections of the Carter commission report. There may be some that will tread on the toes of those who we think are especially associated with me, but by and large I think it is an excellent program which would be of benefit to the country.

Mr. Sharp: I have one more question. Is the hon. member in favour of taxing veterans disability pensions as income?

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, certainly, if the recipient is within the taxation level at which he would be taxed. Of course he is not likely to reach it. I think the minister could count on one hand all the ones who would be in that position, because the government has not been as generous as all that.

When I listened to the two ministers presenting the budget—and I think that is a fair way of expressing it because it was presented in two parts, first the Minister of Finance presenting his side of the budget and then his *alter ego*, the Minister of National Revenue, presenting his side—the thought occurred to me that these two gentlemen presenting their plans for the economic direction of Canada were rather like two badly trained plumbers who have only been taught to turn on the main valve on one side and turn it off on the other side. So we have the Minister of Finance fiddling with the inflow valve while his *alter ego* gave a tremendous wrench to the outflow valve.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

It struck me that these two gentlemen should have had a more sophisticated method of approaching our economic problem. It made me wonder just what were the economic textbooks by which they guide their actions.

• (4:20 p.m.)

I found considerable entertainment in the performance of these two ministers. However, I think we have to face the fact that the Minister of Finance (Mr. Sharp) is in a very serious jam today; there is no question about it. For the moment, I am not going to deal with the question of whether he is there as a result of his own sins of omission or commission. In this situation in which he finds himself, he has two problems before him; one is the immediate problem of finding the money with which to finance the operations of the government and the other is, of course, the developments in the economy which have caused the immediate problem.

The first problem, Mr. Speaker, gave him two choices, theoretically at least; one of increasing revenues or the other of curtailing expenditures. It is interesting to see that, in fact, the minister opted for the second. No serious attempt was made by him to increase government revenues. We found out last night what was the inevitable result of having opted in this direction.

The minister has succeeded in raising, I think, just about \$280 million more with the 5 per cent surtax, and \$95 million in hoped for revenue as a result of the increase in the liquor and tobacco taxes. This is not going to solve the problem—will not come anywhere near solving the problem. On the other hand, he let us know quite plainly that he was not interested in examining or implementing any of the features of the report of Mr. Kenneth Carter. The Carter report goes into some detail as to the possibilities for revenue as a result of the adoption of even certain of its recommendations. It was estimated for instance that the imposition of a capital gains tax at the rate the commission advocated would have given some 10 per cent of the present revenue. That would have been the revenue for 1964. I presume that, pro-rata, it would have the same ratio in 1967. As I say, the yield would have been 10 per cent of the revenue from personal income taxes. If my arithmetic is right, that amounts to the sum of \$214 million.

Mr. Sharp: For what year?