

*Income Tax Act*

restraints from the private corporate sectors. Again, they delude themselves. Again, they mislead the public into thinking this is the proper way to fight inflation. They quickly bring in mandatory legislation and orders in council in respect of the public sector but quietly ask the private sector to voluntarily limit their actions. Never if the government lives to be 1,000 will it see the day when this will happen. These are the causes of inflation. It is not the low and medium income areas we are asking to pay the 3 per cent surcharge which are causing inflation. They are the victims of it. I suggest to the Minister of Finance that if he has to have a surtax he should collect it from the banks, financial institutions and corporations which are taking ever-increasing profits at a time like this. There is no excuse for this. It is not good Canadian corporate citizenship. It is betrayal.

These corporations will absorb through price increases any kind of tax increase the government places on them. If this government wishes to really effectively fight inflation, it will place restrictions on increases in profits and from corporations. The government might even think of going back to the old excess profits tax which was in effect during the Second World War. I do not think it was used well enough, but it was something. Unless something of this nature is done, inflation will continue. I am no economist. I do not know too much about economics except these simple things about which I have been talking. I can get these things through my head. What bothers me is that we have a depression. Some people call it a recession. The only difference between the two is that it is a recession when you are out of a job and it is a depression when I am out of one. Whatever we call it, whether a recession or depression, we have it in many sections of our economy while we are having inflation. I always thought the two were separate and did not happen at the same time. But no, this Liberal government has managed to organize a mix of the two. Of course, we could depend on a Liberal government to do this.

When the extension of the surtax was announced the government painted a very rosy picture of what would happen. As recorded at page 9414 of *Hansard* for June 3, the Minister of Finance said:

As for the state of the economy, one of the most important highlights detailed in the Budget Papers was the gathering momentum of activity toward the end of 1968, and the carrying forward of a strong advance into the current year. All elements

[Mr. Benjamin.]

of demand—consumer expenditure, capital investment, exports and total public spending—have contributed to the acceleration. Real production has turned strongly upward and unemployment, which reached a high point of 5 per cent in the middle of last year, has since declined.

This would make a humorous skit for the New Democratic Party's Christmas caucus party tonight. It is very funny. It is not funny however, for the people who have been fooled by it. Let me proceed a little further:

There have also been a number of important developments in our trade, the balance of international payments, and our foreign exchange position, especially in regard to arrangements with the United States. These have been set out in the Budget Papers, and it will not be necessary for me to review them in speaking this evening.

Looking forward at this time to the balance of the present year, we can now expect a growth rate stronger than in 1968 and considerably stronger than we anticipated last October.

One might laugh again.

With a gain in employment of about 4 per cent, an advance in real output of better than 5 per cent, and assuming an increase in prices about the same as last year—

One has to chuckle again.

—the gross national product is likely to rise by 9 per cent.

What a rosy picture the minister painted last June 3. It is not so rosy any more. Now, he wants to extend his 3 per cent surtax. There is another little item which appears in today's *Toronto Telegram*. The heading is "Canada alone in output drop". The report states:

Canada is the only one of 12 leading industrial countries of the western world to show a slump this year in its industrial production.

**Mr. Saltsman:** On a par with Portugal.

**Mr. Benjamin:** Yes, but Portugal is a member of NATO; it is a friend of ours. Is it not strange that we have a drop in production at the same time that the taxes increase and bank profits go up. What in blazes is going on? I admitted my ignorance in economics and fiscal matters. I wish the parliamentary secretary or the minister would elucidate in simple terms for me and for my hon. friends opposite, because I am sure they are as puzzled over this type of thing as I am.

The surtax bill is unjust and unfair. It places more taxes on the victims of inflation. It applies insufficient taxes on those who cause inflation. It is a typical Liberal government step backwards! I for one, and I know my colleagues on this side of the House, could not look ourselves in the face tomorrow, let