

The Budget—Mr. Schumacher

that the government knows best; that it has a monopoly on all knowledge of what is right.

I suggest, Mr. Speaker, that the so-called tax reductions are window-dressing. No matter what anyone says, spending is up and the bill must be paid sooner or later. The increased exemptions are welcome, but are they real? What about new taxes that have been imposed outside the income tax field? What about the new unemployment insurance tax, for that is all it can be called? It is certainly a complete departure from the principle of insurance in the unemployment field as we have had it since the program was established 30 years ago. It is a further intrusion into the field of welfare. The salaried worker will welcome the increased exemptions but will question the increased deductions due to the unemployment insurance measure.

I would like to follow up that point. People who have not been subject to the provisions of the Unemployment Insurance Act will now be faced with a payroll deduction. I am thinking primarily of teachers. The cost of their participation in this program will have to be passed on to the real property owner in the provinces. In Alberta, the implementation of this unemployment insurance measure will probably mean that in Calgary and Edmonton the number of teachers hired will be reduced by 60. If this is the result in only two cities, I do not think anybody can deny that a great burden will be shifted from income tax to real property taxpayers. Unfortunately, a great number of property owners are senior citizens to whom my friend the hon. member for Don Valley (Mr. Kaplan) referred in such glowing terms. Here we have another example of the shell game in this approach to taxation, Mr. Speaker.

As I mentioned at the outset, we are being presented with an inflationary \$750 million deficit. If the economy is on course, as the Minister of Finance says it is, then why does it require this type of stimulation in order to achieve his aims? Why not make a real tax cut tied to reduced government spending, if he wants to keep money flowing around the country, instead of the "big brother" attitude of keeping taxes high and going into a deficit position, making further price increases inevitable? Why does he not try to stabilize the situation and free more money for the individual to spend? This great deficit cannot help but produce higher interest rates in the very near future.

What we see here is a typical overreaction by the government, which cannot help but spur inflation. Just the other day, before a Senate committee which was discussing the economy, evidence was given to the effect that all the government seems to do is overreact, and when we get into a situation of high unemployment they bring in crash programs to solve the problem which only bring us back to the cycle of inflation. They then overreact by fighting the problem of inflation and produce unemployment. We cannot seem to get levelled out, and certainly there is no evidence the government has adopted a levelling-out process in this budget. There is doubt as to whether we have been presented with a tax reform budget by the government, to be effective commencing

[Mr. Schumacher.]

next year, even after nine years spent in searching for an acceptable policy and the expenditure of millions upon millions of dollars in the process.

• (5:30 p.m.)

I would be the last to urge that measures which conjure up their idea of tax reform in the minds of Liberals and the NDP should be adopted as real reform. It appears that most of the media is misleading us again about tax changes by saying the white paper proposals on tax reform were in fact rejected by the minister's current proposals. I suggest the media is incorrect in this view. Let me refer to an article by John Marshall which appeared at page 25 of the *Toronto Telegram* for June 19. It reads:

More than 50 specific white paper proposals have been adopted by the government.

About 30 have been adopted in principle but have had already-sweet elements sugar-coated even more into great ballot bait.

And the most radical proposals—the ones that aroused organized assaults of full-page advertising, demonstrations, vitriolic briefs—have been drastically watered down with the milk of treasurer's kindness.

Still, a capital gains tax (pending debate and vote) will exist. But it's only half as onerous as that proposed in the white paper kite flown by the Trudeau government in the windy wake of the earlier Carter commission buck-is-a-buck-is-a-buck radicalism.

A white paper suggestion of a totally new integrated system to deal with the double taxation of corporate income has disappeared into just a modification of existing legislation.

I suggest this is an indication that some 80 recommendations in the white paper have been accepted in one form or another.

An hon. Member: Why don't you read the *Vancouver Sun*? It adopts a different point of view.

Mr. Schumacher: That may well be, but I am suggesting the media in this country is misleading us. As far as I am concerned, the Marshall article is the appropriate approach to the problem. Unless the parliamentary secretary intends to say how many proposals were adopted or rejected, I think I will accept that article. I suggest the basic proposals have been adopted in some form or another. In that connection I say this is a trait of this government: Get your foot in the door by sweetening everything up, have the principle adopted, then once the camel's nose is under the tent wait for further events in order to bring your real ambitions to fruition.

What the government has done is get the capital gains tax principle accepted. On behalf of my constituents I object to this so-called tax reform budget because of the capital gains tax. This type of tax may be appropriate for mature economies such as those found in western Europe. It might be appropriate if Canada consisted only of the golden triangle of Montreal, Ottawa and Toronto. It seems to me that this so-called reform package received its inspiration from this area alone.

It appears that the capital gains tax proposal is designed to replace the estate and gift tax, thereby interfering with the provincial field by the ordering their