

Income Tax Act

it is estimated that about 2,500,000 taxpayers, or about 30 per cent of the total number of taxpayers, will be exempt from this tax in 1970. In the case of corporations, the surtax is 3 per cent of the corporation's tax before reduction by the provincial abatement and before adding the old age security tax. May I conclude therefore by asking the support of the House for this bill at this second reading stage.

An hon. Member: Carried.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I do not know whose was the hopeful voice I heard coming from the government side. I thought I recognized the hon. member for York Centre (Mr. Walker) who is the automatic reactor button which says "Carried" when these measures are brought before the House.

But what are we being asked to do? We are being asked to carry into a new taxation year a surtax which had what was perhaps the most infamous origin of any tax placed before parliament. This is the tax which was finally brought back after a performance of which any government might be expected to feel dreadfully ashamed. It was brought back after its defeat in 1968, when, aided by we do not know what sort of legerdemain, the government was able to assure itself of sufficient support to obtain reconsideration of a measure on which it had been defeated.

Not only was the government unsuccessful in its first attempt to bring back the tax; it had to start again. That was the year of mismanagement, and we still have the mismanagement with us. This tax was imposed as a surcharge in order to put Canada's financial affairs in order. I see in his place the former Minister of Finance who was faced with pressure from the international money market and criticism from the International Monetary Fund. Canadian finances were running at unheard of deficits; their operation was in total disorder.

• (4:40 p.m.)

Then followed the defeat. Both the former Minister of Finance and the present Minister of Finance came to this House wearing sackcloth and ashes, saying they would be good boys in the future; that as a result of this surcharge, the cutting back of some \$400 million to \$500 million of estimates and restrictions on the public service, they would be able to do a much better job. Then, the present Minister of Finance brazenly stood up in

[Mr. Gray.]

the House and said that, with all of these measures, he could guarantee a balanced budget and that the government would have its house in order.

We know what happened. Off went the members of the House to an election. When they returned, the government tabled revised estimates in the month of September, indicating they were going to be \$400 million in the red. When they brought in the interim budget in October 1968, this budgetary deficit had increased to between \$700 million and \$800 million. So much for the computers that the present Minister of Finance said would assist the government. They were to eliminate problems with the supplementary estimates because, from then on, they would be handled much better.

Mr. Olson: Tell us about June 1962.

Mr. Lambert (Edmonton West): I can tell the hon. gentleman a great deal. The hon. member was so far out on the prairies that he did not even know what was happening. He has the greatest misconception of what in fact happened, because in 1962 the Minister of Finance predicted the size of his deficit. But never was there practised the outright misrepresentation that the government had the effrontery to make in this House in early 1968. When attempts were being made to justify this misbegotten government's hanging on to power at any price, even the principles of parliamentary government were prostituted.

Today the whole *raison d'être* for this 3 per cent surcharge has gone. We are told it is being retained to maintain revenue. Government expenditure has, of course, gone up fantastically since 1968. I recall that in 1968 we were dealing with a budget that was well under \$10 billion. We know what the estimates for this year are. The main estimates total some \$11,857 million, a mere \$900 million increase over last year. We have just passed the first "supps" totalling about \$66 million. There will be another set of "supps" before we get the final supplementaries in March. I would say that the total will easily reach \$12.5 billion, give or take a few million.

This is the government that is supposed to be watching its expenditure. In view of some of the things that have been happening in the Prime Minister's (Mr. Trudeau) office and in the Privy Council, involving expenditures on equipment, accommodation and salary increases that are sheer prodigality, I should like to see exactly what the amount of the