

The Budget—Mr. Lewis

investing more money? They cannot sell all the products they are now capable of producing. What will they do if they invest more money? They will produce more of the products they cannot sell. That is sheer nonsense. It is sheer, obvious and arrant rubbish—and that is what is being taught this parliament and the people of Canada.

I am certain there is not an economist in this country who would suggest that the giving of a tax cut to corporations would increase the number of jobs in Canada. Certainly there is not an economist in this country who would agree that the giving of rapid depreciation for new machinery and equipment would create jobs in this country. When does a manufacturing firm buy new machinery and equipment? It buys new machinery and equipment in order to improve its efficiency and to produce more efficiently. It produces more efficiently when it replaces human labour, not when it adds to human labour.

If our manufacturing concerns bought even most of their machines and equipment from Canadian firms, one might argue that there would be an increase in the number of jobs in the sector that manufactures machinery and equipment—but that is not true. The overwhelming majority of new machines and equipment which our manufacturing firms use is brought in from abroad, particularly from the United States. So even that could not create any jobs in the country.

Therefore, I suggest to the Minister of Finance, with real regret, that his budget even from the point of view of creating jobs is a sham which will not do this and cannot do it. I suggest to the minister, specifically, that he could have made available about \$2 billion to the ordinary Canadian taxpayers and really have rapidly stimulated the economy in this country. In this way he might really have created jobs by increasing the purchasing power of the ordinary Canadian who spends almost every dollar he gets. He could have done this by removing the 7 per cent tax cut, which will continue for manufacturing and processing industries, and by taking back the \$500 million he is giving away in this budget. This would have yielded about \$675 million, enough—according to our calculations—to cut \$100 off the tax bill of every Canadian earning less than \$10,000 or \$12,000. That would have meant something to the economy.

If the minister had increased the effective tax on corporations to about 46 per cent from 36 per cent, if he had adopted a full capital gains tax which would have yielded another \$100 million, if he had recovered about \$400 million by plugging the loopholes and generally tightening up the economy, and if he had reduced the number of giveaways various departments now make, he could have saved in the neighbourhood of \$2 billion which could be given in tax cuts to the average Canadian, particularly those making less than \$10,000 or \$12,000 a year. These people would then use every single dollar to buy products produced by Canadian manufacturers and Canadian farmers.

If my eyes are correct and the clock is right, Mr. Speaker, I have about two or three minutes left at my disposal. Let me say this in conclusion. The basic reason for this kind of scandalous budget is the economic philosophy which animates those people across the aisle and our friends in the Conservative party and others. That

[Mr. Lewis.]

philosophy is that only the private sector of the economy can be relied on to do the job of creating work and of increasing the wealth of this country, and that social capital is taboo and somewhat wasteful.

It is their philosophy that only the private sector knows what to do for Canadians and that the Canadian people, through their government and their representatives, do not know anything at all as to what should be done. I reject that philosophy. I suggest that the way to create jobs, if the minister will not make tax cuts as radically as I have suggested, is to use some of the money in the way I have indicated.

Everybody talks about pollution. If the government put some real money into cleaning up our waters, and into building purification and recycling plants in the cities and towns of this country, we could really fight pollution and create work for hundreds of thousands of Canadians. If the minister set aside some money to assist provinces and municipalities to build day-care centres so that mothers who wanted to go to work as well as fathers could simply put their children in these centres, that would be social capital which would create jobs. We need over 2,000 of these centres.

If the minister set a massive amount of money aside for low-income housing and urban renewal, instead of following the slow way in which money is now coming forward, that would be a social development which would create jobs for Canadians across the country. There are many other urgent needs that Canada ought to meet. The government ought to meet these needs and at the same time solve the problem of unemployment. If the government met those urgent needs as it should, there would be no reason for any single, able-bodied man or woman in Canada to be out of work. I believe a study of this budget will show how hollow and how unjust it is. I am sad for the Minister of Finance; indeed, I am almost ashamed for him.

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, today is leaders' day and you may wonder why someone with the view of the House which I have should be rising to speak in this debate. I want to reassure you, and quickly arrest any rumours on the other side of the House, that I am only a leftover from Thursday's list of speakers. But I am very glad to have a chance to speak at this time. I listened with interest to what was said by members the opposition parties and I think I should comment on their arguments.

The Leader of the Official Opposition (Mr. Stanfield) informed us that the highest priority of the Conservative party in government would be to provide jobs. Then he set forth two proposals which, had they been in the budget, presumably would have provided jobs. One of them is a sham and the other is a loser. The sham is his proposal to provide an automatic tax adjustment for inflation so that taxes would be reduced automatically every year by the amount of inflation. I call that a sham because it is obvious it would apply right across the board to all incomes and would have the result of reducing the total government revenue by the amount of the cost of living increase. It would then be necessary for the government to increase taxes to make up the amount required to meet its needs. The amount of increase would equal this sham or give-