

time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (page 5548).

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, last night in closing the debate I had been dealing with what I consider to be some of the worth-while clauses of Bill C-56, namely, those dealing with Registered Retirement Savings Plans. I think I have given due credit to the government for those changes, as did the hon. member for Esquimalt-Saanich (Mr. Munro) and others on this side of the House who have been trying to get these changes for the last several years. I went on to discuss the philosophy of the RRSP and how it was changing now due to the needs of the nation to collect larger pools of capital, and to hope that individuals could share in this capital pooling and use the benefits from it to enhance their economic situation in their declining years.

Now I should like to move to what I think is the lost opportunity in Bill C-56 to do what would have helped the nation immensely at this particular time. The subject I am referring to is potential budgeting.

● (1542)

Our advisers to the ministers of finance for the last 30 years have held to a theory of fiscal budgeting that has now been demonstrated to be wrong in quantity and wrong in principle. There is a religious, fervent, stubborn inflexibility on the part of the people in the Department of Finance to send minister after minister into this House to bring in budgets which they know, before they bring them in, are wrong both in theory and in quantity.

We have been in a state of stagflation now for four years. Everyone in Canada knows that this country is strong in every way. People keep asking why, with all our strength of resources of the material sort, and resources of the human sort, should this nation be dragging behind when it should be leading the world in growth and in individual wealth accumulation and enjoying that wealth. Because of the people's need to have that question answered, I make the statement again that this budget, particularly the resolution in the budget dealing with income tax, failed to grab an opportunity to use the device of potential budgeting, which I think would have helped the country. It certainly would have helped the personal political fortunes of the Minister of Finance (Mr. Chrétien).

The Minister of Finance is aware that I suggested proposals to him in the mini-budget debate of last November. To be fair, he was extremely interested in a favourable, constructive way. As a result I wrote a letter to him and put some of these ideas into written form so that he could take them before his officials, so they could look them over. The general sense of these proposals was that if he could pick certain items that the people of this country needed and wanted, and were not being produced and used in Canada, and if he reduced the tax on these particular items—and I am referring to the income tax tax—then there would be no loss to his balance of ways and means in his budget. In other words, since the tax collector is not collecting anything on these particular items, there is no

loss of taxes if the tax is reduced, because there is no tax collected now.

On the contrary, if the income tax is reduced on the utilization of these particular objects, a large number would be purchased, which would mean a large number of people would go to work and a large number of people would be earning money. In turn these people would be off the social welfare list, and certainly off the unemployment insurance list. Because of the phenomenon of not having to reduce income from existing taxes, by reducing the taxes on these items that have a potential for the development of the nation and in bringing benefits to the people, this is called potential budgeting.

Last fall I pointed out that the only country I know of that has ever tried this method was the United States in 1964-1965. At that time the United States reduced taxes on a number of items, amounting roughly to \$10 billion. They expected a drop in the income to the tax collector of the \$10 billion. But because these were items not being utilized a great deal, and because people then bought them in great numbers, when the year was over the tax revenue had not dropped \$10 billion, as was expected, but had gone up \$19 billion.

I pointed out at that time that this technique of potential budgeting will only work if there is unused plant capacity and unused labour supply. Those are the two conditions that are needed. Of all nations in the world Canada has those two things in abundance. We have over a million unemployed and we have 18 per cent to 20 per cent of our plant capacity lying unused. All the items I listed can be manufactured in Canada.

To make absolutely clear that the record shows what those proposals were, I will list them. In a letter which I wrote to the Minister of Finance dated November 30, 1977, I suggested that a 100 per cent write-off under the Income Tax Act be given for proven hardware in the production of renewable resources. That means those types of energy sources that could be renewed each year, such as the wind, the sun and so on, and thereby encourage people to buy this type of hardware—to use the renewable sources of energy rather than the non-renewable sources such as natural gas and oil.

I will now list the items for which I propose a 100 per cent write-off. First of all is insulation. I do not think there is any argument about that. Insulation can save 20 per cent, 25 per cent or 30 per cent of the heating costs of the homes and buildings of this nation. Secondly, flat-plate collectors, air or liquid. These items are coming on to the market. They are expensive and make the shift over to flat-plate collectors marginal, but they still are proven items. Therefore they would only qualify under the proposal which I made of 100 per cent write-off. Thirdly, solar furnaces. Fourthly, sealed stoves, fireplaces and furnaces.

If one takes a drive around the country near Ottawa one would see almost one place in ten in the rural areas with wood piles in the yard. This would indicate that individuals on their own are going ahead with the new type of efficient sealed stoves, fireplaces and furnaces to get this form of renewable energy.

Income Tax Act