

*The Budget—Mr. Thompson*

relates to housing is the shortage of capital on the one hand and the tremendous cost of the available capital on the other.

The kind of policy the Minister of Finance is bringing out in this particular budget will only increase the cost of money and do nothing about freeing the sources of money that are necessary for the kind of development which housing represents. It is not just housing, but urban development. It is not just urban development but the capital cost of services such as hospitals, schools, sewage and water systems. Perhaps there is no more important area in this whole field of local governments, and as it relates to provincial governments as well, than the field of education. Presently in the hands of our secondary governments, particularly local governments, there is not sufficient access to tax capital to pay for the cost that these governments face, except at exorbitant interest charges.

While on the one hand we congratulate the Minister of Finance for bringing in a balanced budget, on the other hand we must face up to the fact that the kind of policies that permitted this to come about at the present time are not the policies that are going to fit the future needs of Canada as they relate to some of the inevitable responsibilities that other levels of government face.

It is interesting to note the Prime Minister (Mr. Trudeau) clearly talks about getting out of tax-shared programs and turning back to the provinces responsibilities which the federal government has taken unto itself in recent years in increasing measure. In many cases provincial governments have had shared programs imposed upon them about which they have had very little to say in determining policy. He now says such programs can be turned back to the provinces. He can get rid of this responsibility and put it back in the hands of the people where the constitutional authority and responsibility lies, but where will the tax resources come from?

• (9:50 p.m.)

It is all right to say this on the one hand, Mr. Speaker, but it is another thing to meet the over-all problem of finding the financial resources for governments at these other levels to carry out these responsibilities. This is why it is imperative for the federal government not just to set the tone, or establish policies but to take the lead in working out over-all responsibilities that face local and provincial governments in these vital areas that have so much to do with the development of social programs, programs which we

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certainly ought to be able to finance at this time.

This brings us to a consideration of the over-all tax picture as it relates to tax income and tax resources of governments. I do not believe the Minister of Finance is giving consideration to this area. At least if he is, he is not informing us about it, and we can only hope that the promised white paper will bring out something on it. I am speaking of the relationship of the total cost of government to the actual earnings of the Canadian people.

We find ourselves in a position where nearly 50 per cent of all the money that Canadians earn—and here I am speaking of net earnings—go to pay the cost of government. I am not talking about gross national product at this time because gross national product is a fictitious term that has only an indirect relationship to the actual earnings of people. If you add up the cost of the federal government, of the provincial governments and of local governments you arrive at a figure that comes to very nearly 50 per cent of the total earnings of the Canadian people as those earnings relate to salaries, commissions, dividends, the sale of produce and all of those areas of income that can be directly classified as earnings coming in to the pockets of the taxpayers.

Historically, the danger signals flash when one looks at this picture. History shows that no free society has every remained free, and sustained the vitality that brought it to the point where it became free, when governments took back from the citizens of that society more than 50 per cent of that which they actually earned.

**Mr. Kierans:** May I ask the hon. member a question?

**Mr. Thompson:** The Minister of Finance may feel very smug and happy with his budget at this time—

**Mr. Kierans:** Mr. Speaker—

**Mr. Speaker:** Order. Is the minister rising on a point of order?

**Mr. Kierans:** I would like to ask a question of the hon. member.

**Mr. Speaker:** Order, please. The hon. member for Red Deer has the floor and a question can be asked of him only if he will allow it.

**Mr. Thompson:** I have only a few minutes left, Mr. Speaker, and so I will just finish the thought I have.