

The Budget—Mr. Friesen

tion. The combined forces of all parties won the day. But just six months later when concern is expressed with regard to the same kind of feeling in western Canada and Newfoundland, members opposite laugh. That is the problem of confederation.

Hon. members opposite wonder why there is this feeling of separation in western Canada.

Mr. Laniel: In Quebec it is not a question of wealth.

An hon. Member: Get serious, Benno!

Mr. Friesen: I welcome the hon. member's participation, but whether it is a matter of wealth or not, we do not deserve to be laughed at.

Mr. Laniel: I did not laugh at you.

Mr. Friesen: If the hon. member wishes to hear who was laughing, he can listen to the tapes. He will hear the laughter all over the House, and I make no bones about the matter. When the west is taxed, supposedly, equally with the rest of the country, we can accept that situation. Let me read an article from one of our western papers, the *Winnipeg Free Press*, a paper which is not one of the staunchest supporters of the Tory party—it has been moving toward the Liberal party lately. The article was in the October 31 issue in the form of an editorial entitled, "Billions Down the Drain", and it reads in part:

Lloyd Axworthy, western Canada's minister of everything else, paused in his most recent round of announcing parks and defending constitutional initiatives, to set things straight about energy policy.

● (2040)

It goes on to say, in the closing paragraph:

The real objection to the federal government's oil policy is not that it proposes to take wealth from the west and spend it in the east. Resources revenues, like those from any other source, ought to be used to benefit all of Canada. It is that the government proposes to take money from the west and pour it down the drain where it will help no one and, in the long run, will make all areas of Canada economically weaker and more vulnerable to the uncertainties of the world oil market.

That is what the Liberal newspaper in Winnipeg has to say. It is not that people object to paying tax; that is part of the family arrangement and taxation ought to be equal and it ought to be fair. But when there is overtaxation there is trouble. That means trouble for the consumer.

I might add, parenthetically, Mr. Speaker, that I happened to pick up a copy of today's *Globe and Mail*. In the business section there is an article which quotes a gentleman named Denis Ouellet, who is an analyst with Lévesque, Beaubien Inc. of Montreal. The article quotes him, comparing the budget before us with last year's budget, as follows:

'I see one irony in the budget,' he said. 'Consumers may have voted against the Clark budget, but they will find that collectively they will have about \$2.5 billion less to spend in 1981 under the Trudeau budget last week.'

I did not say that, Mr. Speaker; the Tory party did not say that; our research office did not say that. A consultant firm in Montreal said that; consumers will have over \$2 billion less to spend this year as a result of this budget. The government will

soon know all about that. Overtaxation of the consumer means he cannot save money for retirement. It means that when he reaches retirement he will be totally dependent on the government. That robs him of a sense of dignity to which he is entitled in his senior years and of the ability to look after himself rather than depending on the government for support.

A couple of months ago a widow came to my office. She had moved to British Columbia from Montreal. Her husband had invested in an annuity which she found was not paying very good dividends so she cashed it in. According to the Income Tax Act the proceeds became part of her income for that year and she was liable for income tax on the lump sum. She had to pay something like \$700 in extra tax—except that she did not have \$700. What was she to do?

Mr. Blenkarn: Go to jail.

Mr. Friesen: That is about it, Mr. Speaker. It seems to me there is a conscious understanding on the part of people that a government is entitled to a legitimate share of their earnings in order to undertake legitimate government services. But when the government moves into areas that are either unnecessary or extravagant, the people will find a way to rebel. When a government taxes beyond the level that citizens feel is fair and right, they will find ways of rebelling. By overtaxation, the government invites dodging and people find ways to get around paying the taxes. It irritates me and infuriates me that the government spends so much time revising the Criminal Code but seems to forget about white collar crime which is not covered in the code. The Bank Act will soon come before us but there is precious little in it to protect the consumer against fraud. The government is very busy with the Criminal Code, however.

When there is overtaxation, Mr. Speaker, there is a reduction in labour. I recall going to one of the sawmills in my community where the manager told me that he found it very difficult to keep a full crew on Friday evenings. The men knew that one day's earnings per week was simply turned over to the government and felt it did not pay them to work on Friday as it would increase their tax. As a result, productivity was reduced.

Overtaxation also has an adverse effect on business by inhibiting expansion. A few nights ago in this House one of my colleagues told us about an oil company in Alberta which found at the end of the year it had \$19 million to invest in exploration and expansion. When it ran the budget through the computer and applied it to the financial picture of the company, it found that rather than having \$19 million to invest it was left with \$2 million. If hon. members found that their disposable earnings available for reinvestment were reduced to that degree, I wonder if they would consider working worthwhile?

A grocery in my constituency complained to me about tariffs. He is charged 15 per cent or 16 per cent tariff on some items he imports. His mark-up on resale is only 14 per cent and he did not see why the government should make more than he does. That seems to me a fairly reasonable rule of thumb,