

*Income Tax Act*

**Mr. Lambert (Edmonton West):** They did yesterday. The hon. member for New Westminster (Mr. Leggatt) yesterday expounded on that theme.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** From each, according to his abilities.

**Mr. Lambert (Edmonton West):** That is, put in what you care to; take out what you want.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** That is a Conservative interpretation.

**Mr. Lambert (Edmonton West):** That is everybody's interpretation of it. I think I have made the point and I will not belabour it. It was a good move to consider the spouse where both spouses are taxpayers. If the unused portion of the investment credit, whether interest or grossed up dividends, was unused by one spouse it could be used by the other in whole or part and an appropriate portion could be transferred. This applies to a taxpaying couple who have investment income to a potential of \$2,000, because if there are dividends from Canadian corporations it is not that much. I think that is a step in the right direction.

As far as a tax cut is concerned, it would only apply to plumbers, electricians or mechanical engineers in the metro area. I think it is beginning to include some electricians and carpenters in the province of Alberta who will have up to and over the \$22,000 income referred to by the parliamentary secretary in order to come within the reduced ceiling of the tax cut. In the lexicon of the New Democratic Party in the last year we have seen a new term, those people called the middle income people. Most of their people are middle income. Teachers certainly—some university professors are higher income people—and tradesmen too. Those are the categories of people who will be affected. On the basis of one set of expenditures there need not have been any change in the tax cut. We know the minister said in June that there would be a budgetary deficit of about \$3½ billion, but it is now likely to be \$5½ billion or nearer \$7 billion. The \$5½ billion stuck in my memory as the cash requirement for this year. I am not going to object to this change and I do not think my colleagues will.

There are some changes with regard to political donations that I think are of a very technical nature, but they have not caused us any problems. Having covered the high points of this bill, I would recommend to my colleagues that we give it second reading and move as quickly as possible, after the other second reading speeches, to consider the bill clause by clause.

**Mr. Max Saltsman (Waterloo-Cambridge):** Madam Speaker, I should like to join all members of the House in congratulating the hon. member for Montreal-Bourassa (Mr. Trudel), the hon. parliamentary secretary. We are delighted to see him back in the House and on his feet after his serious accident.

**Some hon. Members:** Hear, hear!

**Mr. Saltsman:** All his friends are most pleased with his excellent reading of the speech. In some ways, it may even be an improvement over what we had a right to expect.

[Mr. Cullen.]

The hon. member is a man of good and common sense, but as I listened to the hon. member for Edmonton West (Mr. Lambert) suggesting he might become minister of finance some day, I was rather appalled because it seems the minute one becomes minister of finance, no matter how much common sense one has, it leaves him.

**Mr. Cullen:** That is only in NDP governments.

**Mr. Saltsman:** I am not going to be quite as accommodating on this bill as the hon. member for Edmonton West. I think it is a thoroughly bad kind of budget, not so much in what it does, because it does not do a great deal, but in what it does not do. If we needed any further convincing that we are dealing with a government that in many ways seems devoid of common sense, we have the evidence of Bill C-65 before us to confirm that view. Whatever rationale these budget measures may have had when they were originally introduced, that rationale has disappeared with the introduction of the government restraint measures. Now those restraint measures are a central policy set of measures; they are virtually the cornerstone, from here on, of all government policies. For the next three years all government policies will have to revolve around about those measures.

In looking at the various other things that come before this House, we have to ask ourselves to what extent, whether it is a budgetary measure, a monetary measure or an industrial development measure, it fits in with the government's avowed intention on the restraint program. The restraint program is important to the government to the extent that the Prime Minister (Mr. Trudeau) has staked the life of his government on making it work. Many of the people in the government are staking their reputations on making it work. It is in that context that we have to look at this particular budget.

We are told that other policy measures that have come before the House will be judged by the restraint program. For instance, yesterday we were debating the unemployment insurance amendments. The argument made for some of the changes to the Unemployment Insurance Act was that they tied in with the government's policy of restraint. I am surprised that in presenting this measure to the House so little has been said. I do not recall anything being said about the way these budget measures are going to tie in with the restraint program.

I am sorry that the Minister of Finance (Mr. Macdonald) is not in the House. I understand that he has important business to attend to and could not be here. In his wrestling inflation to the ground, the minister often looks as though his shorts are coming down and this leaves him in a rather vulnerable and ridiculous position. By whatever logic one wants to look at the government's restraint program, it is quite clear that the only effective restraint in that program at the moment is restraint on wages. In the other elements that it is supposed to restrain, profits, dividends, professional incomes and interest rates, the government realizes—as I think most people do—that it cannot be done. These things can only be restrained directly in a minor way. It is difficult to come to grips with profits by setting margins. Margins over what? Over when? How do you measure profits? To what extent do you