

The Budget—Mr. Rynard

of the United States. Let us be frank about it. We are competing with the United States, one of the most powerful nations of the world with vast reservoirs of brains, skill and capital. Our country borders it for 4,000 miles, and to compete with the United States greater incentives must be offered to industry in Canada. This is the opinion of many experts.

Mr. Sharp: Would the hon. gentleman permit a question? Is he advocating a larger budgetary deficit than we have this year? Is that the purport of his remarks?

Mr. Rynard: Well, Mr. Speaker, I know the minister may need a little advice on this matter and I shall be very glad to give it to him. I can give it to him by telephone or I will even go to his office. I want to point out to him, and I think he will agree—if he does not let him stand up and say so—that we cannot compete with the United States and at the same time increase taxation on productivity and brains. If he believes that is possible, I want him to stand up and say so right now. I am sure Mr. Firestone and many other economists would like to know.

Mr. Ricard: The minister declines.

Mr. Rynard: Mr. Speaker, I do not for a minute suggest that the road is easy. It is not. We cannot increase income tax and taxation on productivity if we are to compete. Either we are going to be hewers of wood and drawers of water or we are going to be drawn into the network and become part and parcel of the United States.

This present year will be known as the year when the taxpayer was squeezed harder than ever before in the history of our country. Federal taxes are up; provincial taxes are up; municipal taxes are up; the cost of living is up. Where does it all end? Today we have a 10 per cent increase in the amount of credit outstanding for consumer goods. Small loans show an increase of 13 per cent, and instalment credit is up 24 per cent. The consumer is paying almost 10 per cent more for his food than he did last year. The increase has been 40 per cent over the last 10 years, but the farmer today gets very little more than he got in 1956. I ask, what has the government done about this?

Why was there no relief for the municipal taxpayer in the Budget? Municipal taxation is levied on property assessment. It is not related to income. Increased municipal taxation can be devastating when combined with the increased cost of food and services. It is

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cruel to the old age pensioner, to those on fixed incomes and to those with low incomes.

I suggest that since the government is going to introduce medicare in 1967 it should take over health and welfare services in all of the municipalities across Canada and in conjunction with the provinces also take over education, leaving the municipalities with their police, fire protection, water, hydro and other services. The lower income group, old age pensioners and people on fixed incomes just cannot carry the burden of municipal taxation together with all other forms of taxation.

● (4:00 p.m.)

I also wish to bring to the attention of the minister the matter of research. This is not easy because we are embarking on new fields. I should like to say to him that the United States spends 3 per cent of its gross national product on research and Canada spends 1 per cent. I should also like to remind him of the fact that in the period from 1956 to 1961 when we were in power 12.5 per cent of Canadian science graduates went south of the border and 48 per cent of engineering graduates. That is bad enough, but let us look at recent figures. In the year ending June, 1963 over 4,000 professional and technically trained people crossed the border into the United States. I wish to remind the minister, Mr. Speaker, that these are Canadian born people. It cost us an average of \$25,000 a year each to educate them. I am sure the minister is listening and I can tell him where this money goes.

We spent \$25,000 a year on each of 4,000 people who went south of the border in 1963; 4,000 times \$25,000 is \$100 million. This is the gift that we gave away in this country in that year. I should like to go further and say to the minister that those 4,000 trained people have a working potential of a quarter of a million dollars. The minister is good with figures; I know he is. That figure increases to \$1 billion over their lifetime and that is repeated year after year. I have the figures since his government came into power; here they are. We had something like 100,000 professional people who crossed over to the United States in the period 1963-65. The Blue Book or the Canada Year Book will give you these figures. They are greater than they were in any two year period of the previous Tory government.

I should like to say to the minister that we had unemployment, and the government has done a lot of talking about it, but in the