

The Economic Council of Canada, in its eighth annual review published in September 1971 under the title: "Design for Decision-Making", states that the public sector in Canada is expanding more and more and is becoming more and more costly. I invite my colleagues to read this report which was not published by the Creditistes but by the government. It says that more and more the public sector of the Canadian economy is gaining in importance over the private sector.

That, Mr. Chairman, means—if one is able to understand the situation—that the proposed tax reform will not solve the problem but that, on the contrary, another measure will be needed in a couple of years, perhaps twice as thick as this one, to solve another problem, because expenses will continue to rise in the public sector because of its increasing importance.

Mr. Chairman, they devise all kinds of ways to tax our fellow citizens with bills that even officials do not understand. They propose a superficial tax reform which not only fails to solve the problem, but affects a new class of unprotected people, namely the average wage-earner with an income between \$7,500 and \$12,000. They will have to pay the grants awarded to large companies as well as the tax exemptions allowed to 750,000 other Canadians.

Mr. Chairman, we should be ashamed to say that 750,000 Canadians will be tax exempt, which means that 750,000 other Canadians do not have enough income to pay taxes and have to live on welfare. This means that 750,000 other Canadians are outside the economic system of production and are thus deprived of consumer goods.

Mr. Chairman, it is more and more imperative that the government stop joking about this question, come back to earth and look seriously into the Social Credit proposals. What has it to lose? In any case, it is now in a vicious circle.

But, Mr. Chairman, I doubt that the government will look into the Social Credit doctrine.

• (9:40 p.m.)

I think the only way the administration can solve the problem is by calling a general election. The best example of this is found in the publication of the Treasury Board entitled "How your tax dollar is spent". Here what it says on page 23, and I quote:

This interest payment is—

It is mentioned here that 14 cents of every tax dollar pay for interest on our debt. In fact, to make Canadians swallow the interest payment on our debt to foreigners, the government says, as one can read on page 23, and I quote:

This interest payment is almost wholly—

Mr. Chairman, it is dishonest, it is insidious, I continue to quote:

This interest payment is almost wholly a return on investments in Canada by Canadians.

Let one Canadian stand up, whether he is a farmer, a labourer or anything else, and show me the dividend cheque he has received from the federal government for investments in his country: No Canadian can do it. The only investments that bear interest are the Canada savings bonds, and they do not even finance 30 per cent of the Canadian government administration. The balance is

loans, Mr. Chairman, for which Canadians receive no interest.

However, in this brochure designed to sell taxes to Canadians, the government tells them: Continue, it is a good thing to borrow abroad, a good thing for you to pay taxes of over 14 cents per dollar to the federal government as interest on our debt, because actually that is just reimbursement for what you have invested.

That is all pure ballyhoo, pure demagoguery, blatant lies, Mr. Chairman. There is not a word of truth in what is written there and I shall go even further, saying that the Minister of Finance and the President of the Treasury Board, the authors of that text, should be sued by Canadians because that is not truth, it is sheer phantasy, it shows how dishonest some people can sometimes be, in the belief that power belongs to them.

Mr. Chairman, the authority to administer may belong to the government, but the authority to finance that government belongs to the Canadian people and they require the government to make use of its financial institutions in order to help it ensure the sound and normal development of the country by taking part in and by getting its financial institutions, like the Bank of Canada, involved in the financing of the public sector. As I said, and as pointed out by the Economic Council of Canada, it is increasingly costly.

Mr. Chairman, as a member of this House, I am really sorry to see how keen they are to tax our Canadian people and to see how little the members on the other side are interested in seeking solutions in order to alleviate the tax burden of our fellow-citizens.

I urge the hon. member to read the booklet entitled "How your tax dollar is spent" and, if they have the courage, to go and read it in their riding. Then we shall perhaps be able to discuss matters on an equal footing. But if some people want to go on playing games and concealing the truth from the Canadian people, if this country keeps getting bogged down and if its financial situation continues to deteriorate, the day will come when only a tiny minority will be paying income tax, while most of the other citizens will be on welfare. Believe it or not, there remains one fact which nobody can laugh off: how is it that a country as rich as Canada has so many poor?

[English]

Mr. Mazankowski: Mr. Chairman, when we look at the massive bill before us—in fact, as the whole matter of tax reform, the white paper and Bill C-259—and what all this legislation has cost the Canadian taxpayer, we must ask whether the exercise has really been worth while. I believe the changes proposed in this bill could have been incorporated during the course of a normal budget.

I was a member of the Standing Committee on Finance, Trade and Economic Affairs which travelled through the western provinces receiving briefs and hearing the reactions of the public to the white paper proposals. We were constantly reminded of the repercussions which those proposals were having on trade expansion and on construction, resulting in a reluctance to embark upon new ventures, all of which had a cooling effect on the whole economy.