

*The Budget—Mr. Thompson*

his predecessors about the necessity of keeping unbalanced budgets in a period of inflation such as we have at the present time. We must commend the minister's policy in this regard and his determination to bring about a balance between expenditures and income.

• (9:40 p.m.)

There is one aspect which really has not been emphasized as it should have been and that is the means by which the minister brought about the balanced budget. There is no doubt that one of the main reasons for a balanced budget is the extra income that has come through the social development tax on both personal income and corporations. Last fall, in his first budget speech, the minister introduced this special tax. He made it very clear that this was to be a temporary tax and that it was intended to cover the extra cost of medicare and social development. That is how this tax levy on incomes was described.

If this was the basis for collecting this tax, since most of the provinces have not seen fit to use this money by not participating in the medicare program, this money should either have been refunded to the Canadian taxpayer from whom it was collected for a specific purpose or at least put into a trust fund to take care of the inevitable escalation of cost when medicare is actually adopted by the different provinces, if it ever is.

It seems the budget has been balanced on what might be called false pretences or by a false tax that was intended to provide a social service and not to make up the lag in income or assist general income in catching up with expenditures. This point, although seemingly insignificant, is important because the government should assume the responsibility of ensuring that taxes are used for the purpose for which they are collected.

If medicare is part of social development, and if the various services that come under this classification are not extended to the point where they use the money collected to finance them, then this money certainly ought to be held in trust for that purpose. At this time, however, it is going to help add a bit of glitter to the Finance Minister's crown for his ability in having balanced the budget.

There is a false philosophy behind the whole area of finance as it relates to the problems of governments and taxpayers. After all, there is only one source of tax dollars and that source is the taxpayers' pockets. Regardless of whether the money is

expended by the federal, provincial or local government, it is the taxpayer who pays.

Some of the greatest needs in this whole area of governmental expenditure do not really fall within the responsibility of the federal Minister of Finance (Mr. Benson), but rest with the provincial Ministers of Finance, and in a greater way are the responsibility of local government. Unless in this whole taxpayers' pie there is sufficient money for local government in particular to pay for those services which they are expected to provide to the public, then government is the weaker for it.

I think the most legitimate criticism of this budget is that which comes from those responsible for local governments who are desperate in their need of public funds, which finance much of the social services which Canadians require. Whether it applies to housing or to the development of such social programs as health and education, it is the local governments which are responsible for carrying these out. This is why the discriminatory tax policy as it relates to the three have provinces, Ontario, Alberta and British Columbia, seems to be a backward philosophy.

How can cooling down the economy in Calgary help the economic situation in Halifax? How can cooling down the economy in Toronto help the city of Winnipeg? The whole philosophy of cooling down, in my opinion, is a philosophy which ought to be reversed. Those who are blessed with the good fortune of being able to move forward at a greater speed of development than other areas should be encouraged to do so, with the incentives and if necessary the assistance going to those areas less fortunate so that all can move forward at a greater speed. It is a false premise that in holding back in some areas, somehow those less progressive economies as far as regions are concerned are going to catch up with the rest of the country.

This kind of philosophy that has entered into this budget is something new. While it may be new, it certainly is not getting at the root cause of public financing as far as individuals in this country are concerned. Unless the federal government, which has financial prerogatives within its areas of authority, does more to assist the lesser governments in the country in their problems, then progress as far as economic development is not going to go forward. This applies to housing as well as urban renewal. One of the main problems facing Canada today as it