

in my opinion, does not accomplish what the minister suggested would be accomplished in his budget speech. The minister talked about inhibiting inflation. I do not think any one here will quarrel with that great objective. But how does the minister inhibit it? First, he inhibits it by amending the personal income tax with regard to the concessions and the reductions granted by his predecessor. I agree that his predecessor did not properly recognize the economic climate. There was no necessity at that time, except that of an election, to stimulate the economic growth of the country. However, the present minister has decided to reverse that situation and he did it by giving tax increases in the lower income brackets where the money is bound to be spent.

We are assuming, and I am quoting the minister, that he is concerned about inflation.

He also reverses the situation by decreasing the tax benefits in the higher brackets or the tax deductions in the higher brackets, where the money will not be spent, where it will be put into savings, where it will do what the minister and his predecessor and his colleagues want—it will go into savings in Canada. It might even buy back Canada. I do not go that far, but at least it will be available.

That is the minister's contribution to counter inflation so far as personal income tax is concerned.

An amount of \$580 more in tax paid by the man in the \$40,000 or the \$25,000 income bracket is not going to affect his spending habits. It is merely going to affect his savings habits. The sooner our governors realize that the better, because they cannot, on the one hand, say, "We want more savings," and, on the other hand say, "We are going to take more money from the very people who will make the savings."

Then we come to this great omnibus clause referred to by Senator Hayden. I will not attempt to go through it. I refer to the new Part IID, the special refundable tax. This is supposed to be an anti-inflationary measure.

Honourable senators, this was announced on March 29 last. I have had some slight experience in business. The plans of large companies are not made on March 28 to be cancelled on March 29. They are made a year or two years before, to be carried out over a period of two or three years.

Is there any honourable senator in this house who believes that the effect of that tax

will affect MacMillan Bloedel from spending \$125 million to which they were committed in Powell River? Does anyone in this house believe that this tax will in any way affect the spending plans of the Steel Company of Canada?

One of the companies with which I was formerly associated, Domtar Limited, has scores of millions of dollars committed. I could name a number of others, but I do not want to name specific companies.

The fact is that this is just a façade. The Government is going to obtain and enforce payment of a 5 per cent loan. As Senator Hayden said, it is not 5 per cent on taxes, but 5 per cent on cash flow. The Government is going to have to repay it with 5 per cent interest.

Let us suppose that the XYZ company, one of the type of companies I have already named, is itself a little short of cash. Well, it will go to the market. Today it would probably pay 5½ per cent or 6 per cent. Therefore, its costs would increase and it would be less competitive. Of course, the Government is urging us to be more competitive. Who will be put out of the money market? It will be the small business man, for whom the Government has such great concern.

Honourable senators, I am getting a little tired of all these shams which say, "We will hit big business, because of course this five per cent doesn't hit small business. We will hit big business—we will take care of inflation." Well, they will not take care of inflation in that way.

As a matter of fact, the best way to take care of inflation is to have more productive facilities, produce more goods and have more goods on the market; not to say, "Don't build another paper mill, don't build another pulp mill, don't build another chemical plant." But that is what is being said in this budget.

Somebody described this budget as a kind of a milquetoast piece of business. Compared to the budgets presented by the former Minister of Finance, I agree with that. There is nothing particularly wrong with it; it does not mean too much. However, it is just irritating here and there, and with these resolutions numbers 11, 12 and 13 hanging over the heads of people who do not know what is going to happen to them, it is a most unsatisfactory situation.

If I had a substantial interest in a deferred profit-sharing plan I would be very much