The reports emerge from Mr. Turner's latest budget - one welcome, the other worrisome. The welcome report is the almost total repudiation of previous government policies. It is disturbing, however, that the Government is still unwilling to admit the seriousness of Canada's economic problem, and consequently unable to adopt any policies to tackle the economic problems facing the country.

There is probably not much point in belabouring the obvious problems of our current switch for it is so obvious and so serious that it is obvious to everyone.

The Minister had indicated the Bill would have far-reaching consequences in the economic life of Canada. It would impose capital gains tax on family farms - now he removes them.

His government has introduced the small
Two aspects emerge from Mr. Turner's latest budget - one welcome, the other worrisome. The welcome aspect is the almost total repudiation of previous government policies. It is disturbing, however, that the Government is still unwilling to admit the seriousness of Canada's economic difficulties, and it is consequently unable to effectively tackle the economic problems facing the country.

There is probably not much point in belabouring the Finance Minister's policy switch, for it is so total and so blatant that it is obvious to everyone.

Unfortunately, the Minister's about-face has come too late for him. If anything, the Conservatives may be too late for them - we probably would not have the high unemployment and inflation that he has brought on. His government had imposed capital gains taxes on family farms - now he repeals them.

His government had introduced the small
business "ineligible investment test" - now he revokes it.

Last May he refused to raise old age pensions sufficiently to off-set rises in the cost of living - now he claims to do that by the insufficient increase to $100.

Last May, and throughout last year, the Minister refused to reduce personal income taxes branding them "a prescription for putting Canada in bankruptcy (!)" - now he cuts taxes and hails his newly-found policy as a move towards greater employment and less inflation.

Unfortunately, the Minister's about-face has come too late. Had last Monday's policies been enacted last May - when the Conservatives called for them - we probably would not have the high unemployment and inflation rates that plague us today. As it is, the Minister's latest moves are insufficient to restore full employment and arrest inflation.
It will be remembered that in last May's budget, Mr. Turner forecast a reduction in unemployment — and unemployment increased.

He predicted a smaller increase in food prices than had taken place the previous year — and food prices rose more.

He predicted large gains in inventory investment — and they never materialized.

In short, the batting average of the Minister of Finance was significantly less than could be had by random guessing alone, for, according to the laws of probability, he should have been correct in at least 50% of his guesses.

It is not a record that inspires confidence, and if Mr. Turner is right, that "confidence of the country in the Minister of Finance is an essential ingredient for a well-working economy", then the economy is even in greater trouble than statistics alone indicate.
These proposals alone would imply an additional $1.1 billion loss in direct revenue for 1973-74.

It is time the Federal Government faced up to its responsibility of maintaining a state of full employment in Canada. The government's latest measures are totally insufficient to fulfill this responsibility.

To ensure that growth will continue and will accelerate to absorb the hundreds of thousands who are now unemployed, Mr. Turner could have considered in his personal income tax reductions, the following tax measures:

Apart from its employment-creating effects, the desirability of substantial sales tax decreases stems from two other considerations:

(1) A tax credit of 50%, up to a maximum of $5,000 investment, be made available to any Canadian citizen who invests in the equity of a Canadian-owned small business. (Mr. Stanfield's Small Business proposal).

(2) An across-the-board 50% reduction in federal sales taxes - including those on building materials; or an elimination of the sales taxes on all clothing.
These proposals alone would imply an additional $1.1 billion loss in direct revenue for 1973-74. At the same time, however, they should lead to an additional output growth and a reduction in unemployment bringing down the general price level. The reduction we propose should decrease the price level considerably. unemplyment insurance outlays. Therefore, the actual deficit effects of our proposals will be substantially less than the indirect revenue loss, and are in the order of $700 million.

Apart from its employment-creating effects, the desirability of substantial sales tax decreases stems from two other considerations:

(a) They will mean a significant improvement in the equity of our tax system. It is recognized by nearly everyone that sales taxes are regressive, and studies show that, primarily because of them, the lowest income groups in Canada bear the highest incidences of taxation. A large reduction in sales taxes, therefore, will go a long way in correcting this inequitable treatment of our poorer citizens.
(b) A substantial reduction in sales taxes is also the most effective short-term measure of bringing down the general price level. The reduction we propose should decrease the price level considerably. During the election campaign, the Minister of Finance had stated that "the way in which the Canadian economy has performed is and should be an election issue, and the government should properly be judged on the basis of the record". The record shows that unemployment last year remained unacceptably high, regional disparities worsened, inflation accelerated, and while "output in the industrial countries went up at almost double the rate of the previous year" - the Minister's own statement - output growth in Canada actually declined last year.

It is not a record that inspires confidence. Nor is there anything in the government's current activities to temper this judgement. The latest budget shows the government totally bereft of ideas, unable to learn and unwilling to understand.
More than ever, we in the P.C. Party believe that Canada can - and must - do better.

A reminder: No postage is required on mail addressed to your Member at the House of Commons; and the Sean O'Sullivan / Hamilton-Wentworth Riding Office is on 24-hour answering service: 545-5477.