

Income Tax Act

Certainly, this is not very equitable in terms of being of assistance to people at the lower end of the income scale.

Secondly, there is the point of stimulating the economy. This, of course, must come through increased consumption. I do not think that anyone would suggest that an increase in exemptions is designed to increase in some way the savings capability of a segment of the population in order to assist the process of capital accumulation. Rather, I think an increase in exemptions is designed by its very definition to increase consumption in the economy. I think it is obvious, or it should be obvious to all hon. members, that the best way to increase consumption through a tax change is to help people at the lower end of the income scale. By the very nature of the economic system, people at the lower end of the income scale will spend a larger percentage of their increased income or increased savings from a change in exemptions or tax credit than will people in the upper income levels. I think it should be obvious to hon. members that this will be the case. Thus, I think it can be shown quite clearly that a system of tax exemptions, as we have it now, does not achieve the objectives that are claimed for it by people on many occasions. I suggest, therefore, that our tax system must have equity if it is to be acceptable to the public and if it is to achieve the social and economic objectives that a tax system must hope to achieve.

Reference was made during the discussion of the white paper and the report of the House of Commons Committee to the question of equity versus growth. The government, and some government supporters, attempted to put this situation in the very simple terms that this was the alternative before the people, that they have to choose between equity and growth. I want to suggest that I do not accept that particular set of alternatives as it has been put forward by some people. I think it is not a simple alternative of that sort. If one wants to look at either one of those objectives, namely equity or growth, the present tax exemption system does not help to produce equity in the tax structure. I suggest that the present system of tax exemptions does not stimulate economic growth in our economy. On the other hand, I suggest that tax credits will produce a greater degree of equity in the tax system. The stimulation and encouragement of consumption will be a more effective way of stimulating and encouraging growth in the economy.

In conclusion, I should like to say that a point of concern for the government and for all members of the House must be the question of confidence in the tax system. Do people really feel that they are getting a square deal under our tax system? I know that the government will go to the country within the next year or two. They will make claims regarding what this new tax system is doing for people, that it improves the position of many people in the country. But I suggest that the government should not be too smart about this question. They should reflect very carefully on this because once this new system is in effect people will see very soon that in fact the improvements claimed for it by the government, and by government supporters, mean very little in the context of economic conditions today. I suggest that there will be disillusionment among people in Canada when they see the little that has been done for the ordinary people through the tax bill before us.

[Mr. Burton.]

I suggest there will also be a great deal of disillusionment when people find that there are many loopholes and escape clauses for many of the larger corporations and the wealthy people of Canada. This will reduce confidence not only in the government—if any government dares to stick by such a tax system—but in the entire process of our handling affairs, and that is a matter that must be of concern to all members of this House. That is why I feel it is so important that in this particular area of the bill, sections 109 and 110 as well as other areas, the government take another look at the proposals it has placed before Parliament, and that it come forward with a more equitable tax package which will produce real tax reform, not just an imaginary type of tax reform such as we have in this bill.

[Translation]

Mr. Lambert (Bellechasse): Mr. Chairman, during a press conference he held a few days ago, the Prime Minister informed the nation that the gross national product in Canada for the year 1971 was about \$95 billion and he compared this with the year 1960-61 when it was \$40 billion. He rightly stated that Canadians are increasingly efficient and that we have good reasons to be happy that the national product continually increases from year to year.

What he said is so true that the Canadian Imperial Bank of Commerce news letter of September 1971 features a table that is most interesting, that we should all consult in order to have a clean conscience, when we will have terminated study of Bill C-259, having adopted legislation in keeping with its possibilities, reducing as far as possible taxes applying to those who do the most to increase national production.

The table appearing on page 8 includes the following: Gross national product, 1961, 39 billion dollars, 1974, 84 billion. And the right hon. Prime Minister tells us that it will reach some 95 billion for 1971.

Now, Mr. Chairman, further on it can be seen that some groups of persons have contributed to that increase in the gross national product in Canada, and certain details are given: Man-hour production in agriculture, based on 100 for 1961, was in 1970 up to—

• (3:20 p.m.)

[English]

Mr. Mahoney: Mr. Chairman,—

The Chairman: Order. The parliamentary secretary is rising on a point of order.

Mr. Mahoney: I am wondering when the hon. member is going to relate the GNP tables for 1961 to sections 109 and 110 presently before us.

Mr. McCleave: Now you are getting fussy again, Pat.

The Chairman: I think, with respect, the parliamentary secretary has a valid point and I would ask the hon. member if he will keep his remarks within the rather broad area that I will permit him under sections of 109 and 110.

[Translation]

Mr. Lambert (Bellechasse): Mr. Chairman, I readily submit to the directives of the Chair, but in order to