

Income Tax Act

pay less tax in 1972 if their income is derived from wages or salaries is not quite correct.

The minister would also have us believe that his new tax proposals will bring relief to all people in the lower-income bracket and, even though middle-income wage earners might pay slightly more, this cannot be helped, and since it represents only a small section of the population it is not too serious. But what he does not tell us is that with Canada's rate of inflation, which often runs as high as 6 per cent a year and rarely is below 3 per cent, many wage earners who once were considered in the low-income bracket are rapidly moving into the \$8,000 to \$15,000 range and this is the area where these tax proposals will have the most impact.

With inflation and with higher wage settlements of the last few years, many people who once were considered low-income have moved into the income bracket which was once considered the exclusive property of executives and white-collar people. Consider, for example, the recent wage settlements with electricians, with plumbers, with bulldozer operators in Toronto and many others, wage settlements which have given these people incomes which once were considered only the prerogative of executives. These people will feel the heaviest impact of the new tax proposals. They will not begin to realize that although they have moved into a higher tax bracket they will have no increase in their real income.

Our income tax structure is geared to bring in ever-increasing revenues as incomes rise, and in fact as incomes rise taxes rise at a faster rate. Under the new tax bill starting at the lower end of the scale—I realize that there are many factors to be considered in different incomes—every 10 per cent increase in income is accompanied by an 18 per cent increase in tax, and as an individual's income rises he moves into a higher bracket and many more people also move into this income bracket, thus paying a higher tax. The result is a rapid progression of revenue accruing to the federal government.

I make this assertion despite all the statements of the Minister of Finance who would have us believe that the government will not take more money in taxes than they are at present. But what the minister is not telling the Canadian people is that at the higher end of the income scale this elasticity is much less pronounced. For example, for someone earning over \$25,000 a year an increase of 6 per cent in his income would result in only an 8 per cent increase in his taxes. Does this sound like robbing the rich to give to the poor? The minister's hypocrisy in promoting this legislation as a system of tax relief to lower-income earners must be exposed for what it is. That is why our party has moved this amendment and why we are not prepared to let the bill pass until the Canadian public is made aware of the real intentions of the government.

Let me turn briefly to a matter which has been referred to by several members during this debate. I refer to the implications of the new tax provisions as they apply to co-operatives and credit unions. I will not go into the background of the co-operative movement because it has already been referred to by other speakers. I commend the hon. member for Grenville-Carleton (Mr. Blair) on his plea for the co-ops, but I hope that if satisfactory amend-

ments are not allowed by the government he will back up his verbal position by casting his vote against this bill.

I do not want to get into the argument that has raged for years as to whether or not co-operatives have been paying their fair share of taxes, other than to say that I am convinced that when we consider the nature of the services that co-operatives render to many communities in our country we realize they have been carrying their fair share of the load. Coming from the Maritimes, I can well remember the hungry thirties when many of our people had a very hard time to exist. Had it not been for the birth of the co-operative movement at that time many of our farmers and fishermen would have been in dire straits. When I think back to those days and consider the services that the co-ops and the credit unions provided for our people—services, incidentally, which private capital was unwilling or unable to provide—I am deeply disturbed at any proposal which might force these valuable institutions out of existence.

• (3:50 p.m.)

Along with other hon. members I have listened to representations from the co-operatives and from those who feel that the co-operatives should be paying more taxes. The co-operatives maintain that the proposed legislation is bad because it does not recognize the basic nature of their organizations. They also feel that the application of the regulations is not realistic and could lead to the elimination of co-ops which presently are operated at a loss but only because they provide service to their customers. I cannot imagine private entrepreneurs being willing to provide these services on the same basis. As I understand it, the estimated revenue accruing, if these proposals go into effect, is not large. It is certainly not large enough to risk the existence of many of these institutions. The requests of the co-ops do not seem unreasonable. I for one am prepared to support them and do whatever I can to have those clauses of the bill amended.

Speakers on the government side have taken the position that this amendment is frivolous and unnecessary. We also heard that from the speaker who preceded me. Members on the government side have said that we should dispose of it quickly and go on with second reading. If Bill C-259 contained anything that would contribute in any way to curing the ills of our economy, we on this side would be happy to give it speedy passage. But we will not be bulldozed into pushing through a bill which not only does nothing to solve our immediate problems but in fact may aggravate and intensify them.

This government has more urgent priorities than tax reform. Let the government grant immediate relief to low-income taxpayers by special legislation that would make increased exemptions effective now, rather than next year. Then let it set aside Bill C-259 and bring in a budget with effective, concrete measures to help this country recover from three years of Liberal mismanagement.

Surely the sorry figures on the state of the economy released yesterday by Statistics Canada must have got through even to the members on the other side of the House. Surely they must now realize that the policies, or lack of policies, of the government have been completely wrong. I do not want to go into the statistics in detail.