

● (1420)

EMPLOYMENT**SPECIAL RECOVERY CAPITAL PROJECTS PROGRAM—ROLE OF REGIONAL MINISTERS**

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, my question is directed to the Minister of Finance. It is further to the question asked by the Hon. Member for St. John's East yesterday when the Minister answered that Special Recovery Capital Projects funds "have never been in the purview of regional", or political, "Ministers to withhold." We know that regional Ministers have been holding up many of these Special Recovery Capital Projects in anticipation of an election. Does the Minister still stand by his statement of yesterday that these SRCP funds have never been in the purview of regional Ministers to withhold?

Hon. Marc Lalonde (Minister of Finance): Definitely, Mr. Speaker.

USE OF FUNDS

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I have a Cabinet document which indicates the contrary, that regional Ministers are responsible for delays in the Halifax Federal Building, the Nova Scotia Nautical Institute, and the Maritime Forestry Institute. The most despicable example is the one in Gaspé, which has a very serious unemployment problem. The document indicates that there have been excessive delays on behalf of Ministers and concludes by indicating that projects in New Brunswick are still untouched because "the regional Minister for New Brunswick has yet to advance proposals". Would the Minister confirm, now that the evidence is before him, that the Government is using this very large porkbarrel fund merely to hand out patronage in advance of an election?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I am sorry to say that the Hon. Member is all wet.

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INCOME TAX**RATE APPLICABLE TO UPPER INCOME EARNERS**

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, my question is directed to the Minister of Finance. Yesterday he agreed to look into some of the alleged abuses associated with the corporate tax credit scheme which is in place for R and D. Today I want to ask him a question concerning abuses of the personal tax system.

The Minister will know that in 1970 there were only three people with incomes over \$100,000 who paid no income tax. As a result of the loopholes introduced over the years, in 1981 that increased to 1,500 people with incomes over \$100,000 paying no income tax. However, as if that was not enough, in 1981 the Government reduced the tax rate to upper income

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earners across the board. How does the Minister justify decreasing the tax being paid by upper income earners at a time when it is being raised for low income earners?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I invite my friend to take note of all the measures which we have taken in the last few years, in the last few Budgets, including the most recent one, to help low income people. The latest one was the \$50 increase in the Guaranteed Income Supplement for the single elderly. I refer him also to the increases which we have provided in terms of the Child Tax Credit, as well as the very significant increases in the amounts of money provided for direct employment and direct employment support for those who are unemployed. It is by billions of dollars that we have come to the support of low income people in the last couple of years.

As far as his question is concerned, he knows—and I have explained it to him or to his colleagues several times—that it is not correct to refer to people earning \$100,000 per year paying no income tax as if it were a permanent feature. It may very well happen that in a particular year an individual with a high income would not pay taxes because indeed he would be entitled to claim, like anyone else, losses in previous years. The Hon. Member knows the rules provided under the Income Tax Act in that respect. There is a law which applies in the same way to all citizens. He knows that if one has losses in a particular year, one can claim those losses against income in another year.

Mr. Riis: I do not think the Minister answered my question directly. He will know that reducing the tax rate to upper income earners cost Canadian taxpayers about \$1.5 billion each year.

REQUEST THAT 1981 TAX RATE BE RESTORED

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, does the Minister have any plans to restore the tax rate to what it was back in 1981, and therefore collect \$1.5 billion more? Or, does he expect low and middle income Canadians to pick up the balance? Does he plan to restore it? If he does not, why not?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, first I would like to challenge the assumption of \$1.5 billion being collectable in this particular way. The marginal rate was reduced in 1981, but the Hon. Member should remember that a number of loopholes were closed at the time, increasing the taxes on higher income people. Indeed, a number of these measures are still in effect, and the Hon. Member knows it.

Mr. Riis: Yes, I am well aware, as the Minister has indicated, that tax loopholes were closed in 1981, only to be reopened by the present Minister of Finance.