

Income Tax Act

If this bill is to have something good in it, there should be a tax of 5 per cent on corporations and 3 per cent on individual income tax payers to provide some measure of equity and some application of the principle of ability to pay. In his budget speech of last June 3 the minister denied the surtax was a measure to raise additional revenues for the government.

● (5:20 p.m.)

May I quote what the minister had to say, as reported at page 9417 of *Hansard* for June 3, last?

In making this proposal tonight I am mindful of the implication given last October that these surtaxes would be allowed to terminate as scheduled and that this was a factor in determining the series of tax measures then introduced. It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

What the minister is really telling us is that he does not need the money. He intends to take \$25 million this year, 1969, and \$155 million in 1970 for a total of \$180 million which he says he does not need. We in this group would like to be helpful to the minister. Since he says he does not need this money, and since he says he is imposing this tax in order to fight inflation and help stabilize the economy, we wish to assist him by indicating ways in which he could use this money he does not need.

Let us begin by drawing attention to a glaring case of need, a case where justice is due. I refer to the grain farmers. In the last crop year they exported some 305 million bushels of grain and we used about 150 million bushels domestically for a total of 455 million bushels. If the minister would take the \$180 million additional revenue which he will get from this surtax and apply it so as to make available a deficiency payment of 40 cents a bushel to the grain growers of western Canada he would find that would just about use up the money he says he doesn't need. Another reason for my figure of 40 cents is that it represents the amount by which the farmers have been gypped by reason of the prices during the present and previous crop years. Here is a just direction for the application of funds which the minister tells us are not required for revenue. I say forty cents a bushel because wheat farmers took a 20 cent per bushel drop last crop year and twenty cents a bushel less in the current crop year.

If the bill passes the minister will get this money anyway. Surely, there must be an appropriate place to apply it. I have suggested a deficiency payment of 40 cents a bushel to the grain growers of western Canada. But if the minister does not think their case is justifiable he could easily use this money to increase old age pensions, the pensions of retired members of the RCMP, the CNR, the Public service and the Armed Forces all of whom have been miserably treated by a miserly Liberal government—the \$1.60 a month boys.

I am not being facetious when I suggest these measures. My hon. friends on this side of the House have been making such proposals for many months. Indeed, a similar suggestion has been put forward by at least one hon. member on the government side to help relieve the difficulties which are facing hundreds of thousands of Canadians who are engaged in agriculture or in receipt of pensions. As I say, I am not trying to be facetious; I am putting these proposals forward as being a proper manner in which to spend this \$180 million. The Minister of Finance (Mr. Benson) will still be left with a surplus of \$100 million if his forecasts are reasonably accurate.

The minister made it clear that continuation of this surtax was meant to help fight inflation and promote the stabilization of the economy. But how can a tax increase of this sort—and I say it is an increase, because it was supposed to expire at the end of this year—help fight inflation when the greatest portion of it will be collected from the very people who are not contributing to inflation in any way? In fact, the tax will hit a great number of citizens who are among the first victims of inflation. Everyone needs to be concerned about inflation, of course, but when concern leads to a state of preoccupation which takes the form of perpetuating hardship on hundreds of thousands of Canadians while privileged corporations go merrily on their way, it is obvious that the government is guilty of the grossest kind of negative thinking associated with the old line dinosaur parties. If this were not the case, why would the government, in its war on inflation, be attacking the very people who are not contributing to it? I am speaking of the average and low income earner, the farmer, the small businessman and people like them who are the victims of inflation. Surely, the government in introducing a measure of this kind, is attacking the problem backwards. Why cannot the government attack inflation by hitting those