

move provides any incentive except to those in the upper income bracket. What about those who do not have any savings? We would be better off if we spent this money on providing a tax cut. That would put the funds where they are needed, to buy food, clothing and the other necessities of life. It would help stimulate the economy. This would create more work and the economy would be in a much better position. But when you have this type of program, again the wealthier persons in our country will get the advantage. I am sure that statistics will bear that out. It will help some working people and some ordinary farmers by letting them write off \$50 or \$100 per year, but will also help people like, for example, lawyers, accountants, doctors and businessmen who have \$8,000 in savings or \$10,000 or \$20,000 invested in stocks or bonds. I think that is the wrong way of going about it.

● (1730)

This is a very attractive little gimmick. As I said at the outset, it will make people very happy, but I don't think will work toward a more egalitarian society; and if you have a more egalitarian society I think society in general will be stronger. You will give people the basic necessities of life and also a greater incentive to work. I do not buy the old argument that you must give those who have money greater incentive so that it will trickle down from the top to the bottom.

The hon. member for Qu'Appelle-Moose Mountain said we will need a lot of money in the future to provide energy in this country. I agree: we will need billions and billions of dollars. But I do not think you can raise it this way. There are other ways of raising that money. You will not raise it by providing even greater incentives for those in the top income bracket of this country. I believe in the Carter principle which says that a buck is a buck. Why should I pay tax on my parliamentary indemnity? But if I have a couple of thousand dollars in the bank, why should I not pay tax on the couple of hundred of dollars I get as interest?

Mr. Andre: You could leave it in the bank, because other people need it.

Mr. Nystrom: Perhaps the business community will borrow that money and reinvest it. I do not buy that type of free enterprise argument. I think you can raise a lot of capital in this country in many other ways, and it strikes me as rather strange that whenever we talk about equity in Canada or whenever we talk about putting more money in the pockets of the little guy, the Conservative Party reacts very violently. I think the way to stimulate the economy is to help the little people in this country and give them more incentive to enjoy life, to be productive in the economy. If you do that, the beneficial effect on the economy will be widespread. It will be a very positive factor in the economy.

Therefore, I wish the Minister of Finance would not travel this route. I wish, instead, we would take the funds we have available, provide tax cuts for the ordinary person and low income earner and in that way stimulate the economy for all Canadians.

Mr. Gilbert: Hear, hear!

Income Tax

Mr. Stevens: I have two or three questions to put on this clause. I should like the minister to explain the reasoning behind the requirement that the interest credit to be allowed must be generated within Canada as opposed to sources outside Canada. Undoubtedly the minister has received letters from pensioners in this respect. I have one before me, a letter from a man 80 years old who receives a pension from England. He is 100 per cent disabled as a result of war injuries. He is receiving a First World War pension from Great Britain, and he points out that because of its wording this clause will be of no assistance to him since it will not apply to his interest income from the British Isles.

Mr. Turner (Ottawa-Carleton): Foreign pension income will qualify for the \$1,000 exemption on pension income. Foreign interest will not qualify for the \$1,000 interest exemption. The purpose is to encourage savings, and it is to encourage savings in Canada. That is the policy reasoning.

Mr. Stevens: Was any consideration given to providing an exemption in a situation of this kind? Could the clause not have been drawn in such a way as to apply to new investment, leaving existing interest, from whatever source, as a basis for the exemption?

Mr. Turner (Ottawa-Carleton): No, Mr. Chairman; that would be an administrative nightmare.

Mr. Stevens: I thought the bureaucracy liked those nightmares. Coming back to the question of the \$1,000 eligibility for both the husband and the wife, let us assume that the wife has the \$1,000 interest income: as I understand it, she will be entitled to the \$1,000 exemption. What happens to the husband's ordinary claim for deductibility in respect of his wife? Is it lowered by the amount of her interest receipts?

Mr. Turner (Ottawa-Carleton): Not in 1975; but in 1974, yes. There is no way we can make that adjustment in time for 1974 because some returns have already been filed.

Mr. Stevens: But the situation to which I referred will be caught in 1975 and ensuing years?

Mr. Turner (Ottawa-Carleton): It is the same principle as I discussed with the hon. member for Winnipeg North Centre. The interest income of the spouse will not be considered as lowering the marital exemption of the taxpayer.

Mr. Stevens: Up to \$1,000?

Mr. Turner (Ottawa-Carleton): Right.

Mr. Stevens: The minister has undoubtedly received representations and briefs from the life insurance industry concerning his proposal. In particular, the industry feels it has been let down very badly. The minister's predecessor, Hon. E. J. Benson, at the time he proposed a 15 per cent tax on the investment income of life insurance companies stated that in equity this would be the net income tax position the companies would have to endure. The industry now feels this clause fails to take into account the 15 per cent the companies are required to pay