

Statements by Ministers

right now which the Minister proposed to withdraw. Will he put it back in its present form? No, Mr. Speaker. He is going to make it refundable. That means it will simply be a prepayment on income taxes if, as, and when the banks ever get around to paying those taxes.

What about revenues? The Minister says this will increase his revenues by \$120 million in the first year. We have looked at the figures. They indicate that the banks were paying only \$20 million in capital taxes under the old tax at the same rates. The Minister, by some legerdemain, has come up with an extra \$100 million, which I suggest will not be there. If you gave the Minister the benefit of the doubt, if you said, "Okay, the system will work", what will the banks pay? The banks will be forced to pay 6 per cent of their profits as opposed to an overall level of taxation which, with provincial taxes, ought to amount to some 40 per cent to 44 per cent of their taxes. The banks will pay 6 per cent. It is reminiscent of the situation prevailing over the last five or six years. Tax measures were brought in by the Liberals back in the 1970s, and have been perpetuated by the Conservatives since 1984. These measures saw to it that the banks paid between 1 per cent and 5 per cent of their income in tax.

Any average Canadian, any bank teller, who pays taxes has to pay a higher rate of tax on his or her income than the average Canadian bank. The poor Canadian banks are only able to pay 1 per cent, 2 per cent or 3 per cent taxes on their profits. Poor dears. They are not able to stay profitable, not able to stay in business, almost forced to the wall, forced to be in little tin tarpaper shacks because they cannot keep up the rent on those locations they have on every major street corner, on every main street in urban Canada. The banks have to be spared. On behalf of the bank presidents of Canada, I would like to say to the Hon. Minister of Finance how grateful they all are for this particular consideration.

Perhaps I spoke with tongue in cheek just now, but I want to say there is something wrong about a tax system which spares the banks and taxes average Canadians at a level higher by a substantial amount than in 1984. Make no mistake, we are not talking about tax cuts for average Canadians; we are talking about tax increases for average Canadians.

The people who benefit are the wealthy Canadians who drive around in BMWs and Jaguars who go to the cocktail parties in Forest Hills and in Etobicoke held to raise election funds for the Minister of Finance and his Conservative colleagues, who go to the convention centre in Toronto and similar quarters in Montreal and dole out \$250 a plate for fundraising dinners where they can hear the Prime Minister (Mr. Mulroney) say how the Conservatives are acting on behalf of average Canadians.

Those average Canadians with incomes of \$100,000 a year, or a majority of them, will have a tax reduction of \$4,365 per annum thanks to tax reform from the Hon. Minister of Finance. Nothing in the proposals which have been made today in the Ways and Means motion will change that at all.

But the family earning \$15,000 a year will get a tax cut of \$90 a year. If you are in the \$100,000 bracket, you will get a tax cut 50 times as great as the average tax cut for someone who perhaps shines your shoes, delivers your milk or cleans house for you once a week and earns less than \$15,000 a year.

For a family with a couple of kids earning \$30,000 a year the White Paper would have given a tax cut of about \$263. That will change slightly, perhaps by another \$30 with the proposals made in the Ways and Means motion, but that family on \$30,000 a year has had a tax increase of \$966 since 1984 because of the increases of the minister of finance and the conservative government's policy of soaking the poor to benefit the rich. That, of course, has been needed so that we can have these huge capital gains exemptions for wealthy Canadians and other types of things designed to keep the BMW owners off the poor lines.

The consequence is that for the average Canadian with \$30,000 worth of income he or she will wind up, after tax reform, paying \$700 or \$800 more in tax per annum than he or she paid prior to 1984.

What else has changed, Mr. Speaker? Nothing much has changed in the Ways and Means motion. Sixty thousand profitable Canadian corporations will not be paying a nickel of tax. Twenty per cent of Canadian corporations, one Canadian corporation in five which is profitable, will not pay tax. On behalf of the shareholders, the presidents and the officers of those companies, I suppose I should thank the Minister of Finance again for remembering their needs, even if it is at the expense of average Canadians.

I come back to the problem that we face, namely, that Canadians have indicated more and more that they want fairness and justice in the tax system. They want real tax reform, not the phoney tax reform which the Minister of Finance is giving them. When it came to choosing between the needs of the banks and the needs of average Canadians, people wanted the Government to side with average Canadians, but they failed to get that.

I want to remind the Minister of Finance of some of the recommendations we made in our minority report. These are constructive recommendations which an NDP Government would seek to put into operation in order to give Canadians a genuinely fair tax system. We say the tax system should be more progressive. There should be higher rates of taxes, dare I say, on upper income Canadians. Canadians say yes to that, Mr. Speaker. I regret that the Minister of Finance has said no. We say the tax system should be fully indexed so that average Canadians will not find that any benefits they get from tax reform will disappear as quickly as they will disappear. The finance committee itself estimated that the benefits from tax reform will, because of deindexing, disappear in just three years. Canadians say yes to that change. I regret to say that the Minister of Finance said no.

We have been arguing year after year that capital gains in Canada should be taxed like any other form of income.