

*Income Tax Act*

1971 when we had the same thing in 1920? It is a retrograde step. The renegade report on poverty has said that 54 per cent of the income of poor people goes in payment of taxes, direct and indirect. When social security contributions are included it becomes 60 per cent of income. By comparison, those with incomes over \$10,000 pay only between 37 and 38 per cent of their income in those same taxes. The tax reform bill does not even begin to remedy these anomalies.

There are a lot of good things in this bill but the government wants to railroad it through. They have talked about 50 days of debate but surely, Mr. Speaker, we are going to have to answer for this imperfect piece of legislation in another five or six months. I do not understand the rush when at the same time the United States is injuriously affecting us by the monetary policy to which we do not have the answer.

**Mr. Gillespie:** Slow down.

**Mr. Alexander:** That is the Minister of Science and Technology (Mr. Gillespie). It is amazing how these ministers suddenly become experts. Something tells me that when the plug is pulled a lot of my friends over there will not be back.

**Mr. Lefebvre:** Don't look at me!

**Mr. Alexander:** Your greatest contribution has already been made. These basic exemptions which are raised from \$1,000 to \$1,500 for a single person and to \$2,850 for a married couple do absolutely nothing for the taxpayer.

**An hon. Member:** Speak up, I can't hear you.

**Mr. Alexander:** Let me read the balance of this, Mr. Speaker. I only have three or four minutes left and in this way I will be able to put my remarks on the record. These exemptions will not even give the poor the same benefits from personal income tax exemptions that they had in 1949, for inflation has eroded more than the extra dollars they have been granted as tax exemptions in the intervening years. If the personal exemptions had been increased solely to match the increase in the consumer price index since 1969, personal exemptions would now stand at over \$1,700 for a single person and more than \$3,400 for a married couple. Through these changed exemptions, then, the position of the poor will not even be restored to its 1949 state, let alone be improved.

The erosion of the benefits of personal income tax exemptions through inflation has been pointed out frequently. I have often listened to members of the government and I quote the hon. member for Don Valley (Mr. Kaplan) who on June 22, 1971 said:

—the government has done everything it can in the way of tax reform with respect to poverty—What we have done is to assure that virtually no one who can be described as being in a condition of poverty has to pay income tax.

It does not take much knowledge of poverty in Canada to realize that these claims are completely erroneous. The income tax exemptions that are to become effective in 1972 do not even reach the Economic Council of Canada's poverty line for 1969. To see this, it is only necessary to turn to Table 5 of the Summary of 1971 Tax Reform Legislation: a family of four with an income of less than

[Mr. Alexander.]

\$4,420 is just under the 1969 poverty line, yet a family of four with an income of just \$4,000 in 1972 will pay \$73 in tax. Now, we are talking about poor people. The new exemption levels are also below many social assistance standards.

I could go on and on but I shall conclude by saying that we all want tax reform which does not stifle a person's initiative and does not stifle economic growth. In this bill we do not have it. The hon. member for Winnipeg North Centre has proposed a motion that would give some credible alternative with which to attack poverty—perhaps a person with a taxable income would pay \$10 on \$5,000 rather than \$85. Surely, all men with sincerity and concern in their hearts can support this as I do not have any hesitation in supporting the motion of my friend, the hon. member for Winnipeg North Centre.

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[Translation]

**THE ROYAL ASSENT**

**Mr. Deputy Speaker (Mr. Laniel):** I have the honour to inform the House that I have received the following communication:

GOVERNMENT HOUSE

CANADA

15 December 1971

Sir,

I have the honour to inform you that the Honourable W. F. Spence, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th day of December, at 5:45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be, Sir, Your obedient servant,

Louis Fremont Trudeau  
Brigadier General  
Assistant Secretary to the  
Governor General

[English]

**GOVERNMENT ORDERS****INCOME TAX ACT**

The House resumed consideration of the motion of Mr. Benson for the third reading of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, and the amendment thereto of Mr. Knowles (Winnipeg North Centre) p. 10464.

**Mr. John L. Skoberg (Moose Jaw):** Mr. Speaker, there should not be anyone in this House who is not prepared to