

Income Tax Act

corporate share was far greater than the individual share, and surely the people of this country have a right to ask whether equity exists in a system in which the corporate sector is getting away with lower and lower taxation, and ordinary Canadians are being subjected to higher and higher taxation.

At the same time that this taxation is increasing, the government is slashing important social programs and not meeting its commitment to assist in a number of key areas. For example, there is nothing in this bill which deals with the essential concerns of people in urban areas who want some federal government assistance for urban rapid transit. Promises were made by the previous Liberal government. Those promises, as so many others, went unfulfilled. However, one would have hoped that in this bill, or in other legislation tabled at the earliest possible time, one would have seen some recognition of the fact that municipal taxpayers in urban areas cannot be expected to bear the tax load that is required to construct an urban rapid transit system.

● (2010)

The whole area of urban rapid transit has been given lip service only by members of the government opposite. They have indicated that they recognize its importance in terms of its energy consumption, and the savings in implementing a system of rapid transit, yet they have indicated nothing in terms of their willingness to deal with the serious financial problems that face local taxpayers who must finance urban rapid transit programs.

This bill will continue the present tax system which has been called, and properly so, by the National Council on Welfare, "the hidden welfare system." Loopholes and tax expenditures in the system do not assist the ordinary worker in Burnaby, the teacher, the labourer, the government employee. There is not opportunity for them. They assist primarily those persons who are making a lot of money, and a lot more money than most of us in this chamber are making. Concern has been expressed on the part of all members of the House about the size of the federal government deficit. This year it is something in the order of \$11 billion, I believe, and I think we all agree that this unconscionable burden on the Canadian taxpayer must be lifted at the earliest possible time. This bill does nothing to close that gap.

We recognize, of course, that there are quite a number of serious structural changes which have to be made in our economy: the high degree of foreign ownership which plays a major role in the size of the budgetary deficit, and the fact that we are paying millions and millions of dollars in rent to foreign owners of the Canadian economy, and forgoing millions of dollars in revenues through the hidden welfare system to which I have referred.

There are some 60 deductions, exemptions, credits, exclusions, and loopholes which make up Canada's hidden welfare system, the tax expenditure budget. I think the Minister of Finance (Mr. Crosbie) deserves full credit and I commend him for suggesting that in future he will be tabling annually a proper list of the extent to which various interest groups in our

[Mr. Robinson.]

society are benefiting from this welfare system. I understand he will be tabling, as is done in the United States, the level of various tax expenditures. That is good, and we welcome it on this side of the House.

Both individuals and corporations, of course, benefit substantially from the various loopholes, tax credits, and exemptions which characterize our income tax system to date. In 1973, for example, some \$2.5 billion worth of these various loopholes went to corporate interests. The question of these various loopholes and tax incentives is completely separate from the fact that in some cases those people and those corporate interests which can well afford to pay are not paying their fair share of taxation. We are dealing solely with the tax base itself and how that tax base has been eroded in an inequitable manner through the various loopholes within the tax system.

Let no one be deceived. These various tax expenditures are, in every sense of the word, true spending, and one must question why it has been for so many years that the Liberal government has disguised the extent to which this spending in fact has taken place. I can give as an example the whole area of DREE grants. My own constituency has a very large corporate interest which has received substantial amounts of funding in terms of DREE grants, regional development incentive grants, as they have been called. Millions and millions of dollars have been spent under the terms of this program, and we do not know today what effect they have really had in terms of the corporate decision-making process. Would these corporations have located in those areas in any event? How many new jobs have really been created? I will give the example in my own constituency of Lenkurt Electric which received a substantial grant under the terms of a loophole, an incentive similar to those that have been continued under this bill. What they did was to open a new plant in Manitoba. Instead of creating new jobs, the plant in Manitoba was opened and, lo and behold, an entire production line in my constituency of Burnaby was shut down and many persons lost their jobs. The company, of course, continued to receive its DREE tax incentive.

It has been well established that these tax expenditures, these loopholes of which I have spoken today, are worth far more to high income earners, to the fat cats so to speak, than to middle and low income earners, and of course they are worth nothing whatsoever to those persons who are too poor to pay any income tax at all and to those many people, such as old age pensioners and others, who are living on the very edge of subsistence. There is nothing in this bill for the over two million women in Canada who are living below the poverty line, as was so eloquently shown recently in the report on women and poverty published by the National Council on Welfare.

There has been some talk in various circles that family allowances may perhaps be eliminated. I suggest that far from eliminating family allowances, we should instead close some of these inequitable tax loopholes which exist at present. There