

The Budget—Mr. Bourget

and depressing wind that he caused to blow on the taxpayers this year. To the tax cuts he had granted in 1953, amounting to about \$204 million, he now substituted new higher taxes whereby the government was going to take away from the taxpayers \$245 million for this fiscal year and \$352 million for a whole year. Moreover, according to the minister's forecasts, despite this tax boost, the deficit he anticipates for the end of the fiscal year will reach \$393 million, which will mean another record-breaking deficit after the \$617 million deficit we had last year.

Mr. Speaker, in his budget speech of April 9, the Minister of Finance made the following statement, and I quote from page 2415 of *Hansard*:

I have already referred to the important results achieved by the government in providing increased security, including old age security and hospital insurance. These programs have been well received. They cost money and must be paid for. We have also, as I have previously indicated, spent large sums to meet the problem of unemployment.

As far as I can judge our Canadian public has been well informed about the underlying facts of the situation. Evidently most people have been expecting some tax increases this year. Many may be not unpleasantly surprised that the increases I shall be proposing are as moderate as they are.

Well, sir, everybody agrees with him that those programs cost a lot of money and have to be paid for.

But what the people won't accept and what I for one do not admit, is to have him say that the underlying causes of the situation had been explained to the Canadian public. The Minister of Finance never talked along those lines during the last electoral campaign. Neither did the present Prime Minister when, in a broadcast from Vancouver on May 24 1957, he said:

The Liberals tell you it is not possible to lower taxes and raise pensions at the same time. Give us a chance—we'll show you.

Well Mr. Speaker, the government was given that chance but we realize today that this chance served only to prove the claims of the Liberals. After a single year in office, the government takes more from the taxpayers than it gave them.

Under this budget taxes are to be increased in the following manner: first, the contributions to the old age security fund will be increased by changing the present 2-2-2 formula to 3-3-3. Incidentally, Mr. Speaker, may I say that that is a 50 per cent increase which will be paid by the commercial corporations and the individuals, regardless of

their income. That increase will add \$196 million to the old age security fund and you will remember that in 1957 the increases in the old age security did not cost \$196 million, but some \$100 million.

In the second place, there will be a 2 per cent personal income tax increase for those with a \$3,000 taxable income, which, in the estimation of the Minister of Finance, will produce \$54 million a year.

In the third place, the income tax rate for corporations with an income over \$25,000 will be boosted from 45 per cent to 47 per cent, which will bring in \$56 million.

In the fourth place, the excise tax increase on cigarettes, spirits and other items will amount to \$46 million.

All those new taxes, Mr. Speaker, represent a total increase of \$352 million for a full year.

In some quarters, it has been indicated that the new taxes will not affect people of small or modest income. I would be only too happy if this were the case, Mr. Speaker, but when you analyse table 8, supplied by the Minister of Finance on the evening of his budget speech, as recorded on page 2425 of *Hansard* for April 9, you find that such a statement is entirely untrue. Indeed, revenue forecasts after tax changes reach the figure of \$352 million. Of this amount, over \$214 million will be paid by all private taxpayers, whatever their income, because \$75 million will be levied on the basis of the 3-3-3 formula for the old age security fund, while \$93 million will be provided by the increase in the sales tax and \$46 million by the increase in the excise tax on cigars, cigarettes and spirits.

This means, Mr. Speaker, that 60 per cent of the total tax increase will be shouldered by the general public, with the lower income class paying like everyone else. Moreover, it is known that in practice—as the Minister of Finance will recall if he refers to the speech he made in April 1954, in which he mentioned invisible taxes, or hidden taxes as they are called—such taxes are always higher than the budget indicates. Let us take cigarettes as an example. We find today, Mr. Speaker, that the tax increase on a package of cigarettes is not 2 cents, but in fact 3 cents. In my view, this shows that citizens in the low income brackets are spared no more than other classes of society.

[Mr. Bourget.]