

affluent people, but never those who control the haves as well as the have-nots, the very ones who control the country's finances. And I regret that such a bright Minister of Finance serving such a beautiful country as Canada might be inclined towards socialism rather than individual and free initiative.

● (1520)

[English]

Mr. Broadbent: Mr. Speaker, I have a question for the Minister of Finance, if I could get his attention.

Mr. Speaker: Order, please. It has been our practice since last Easter that any statement made by a minister is followed by a question period of short duration in which half a dozen hon. members are able to pose questions to the minister. I therefore recognize the hon. member for Oshawa-Whitby (Mr. Broadbent).

Mr. Broadbent: My colleague, the hon. member for Yorkton-Melville (Mr. Nystrom), has pointed out that this measure will have virtually zero effect on professional incomes as they relate to the guidelines program. I should like to ask the minister if this is all the government proposes to do, and whether this is the only instrument it will introduce to deal with professional incomes in this country within the framework of its guidelines program.

Mr. Macdonald (Rosedale): Of course not, Mr. Speaker. The proposals have been very extensively indicated in the guidelines and in responses to questions, and there will be further details when the regulations are tabled this evening.

Mr. Broadbent: In terms of information provided by his department, could the minister inform us of, on the average, the level of income at which this proposal would become operative? We know that it is at \$30,000 taxable income, but would it be accurate to say that no Canadian earning less than \$40,000 per year would be affected?

Mr. Macdonald (Rosedale): That will depend directly on the circumstances of the individual. For example, an unmarried person with neither the benefit of the married exemption nor an exemption for children, obviously will pay the surtax on a lower level of gross income than would be the case of a person who had these various exemptions available.

Mr. Broadbent: Could the minister inform the House how he arrived at the \$8,000 threshold figure?

Mr. Macdonald (Rosedale): This represented a relatively substantial income level above which we felt the people at that level could, as I said, without undue hardship pay the additional taxation.

Mr. Orlikow: Mr. Speaker, as I recall, the minister said that this surtax would bring in revenue of approximately \$150 million in the coming year. Could the minister indicate what estimate the government has made as to the loss to the federal treasury as a result of a continuation of indexing of income tax in 1976?

Income Tax Act

Mr. Macdonald (Rosedale): I should correct the hon. gentleman. The level indicated in my statement was \$115 million. I cannot give precise figures with regard to the indexing.

Mr. Saltzman: Could the minister remove some of the confusion about how he arrives at his decisions? A few weeks ago he was saying that he is not interested in surtaxes. We have heard various statements from the other side of the House against surtaxes. What has happened that changed the mind of the government about bringing in the surtax?

Mr. Macdonald (Rosedale): I can understand why the hon. gentleman may have had difficulty hearing my statement, but I pointed out that there will be some announcements made affecting a great many other people in the economy, including those with moderate incomes. It seems to us that in respect of that latter group, since they will have a shortfall in income because of decisions the government will be making, so particularly those at the higher income level who are less dependent upon revenues from the government for their incomes should make some contribution to the over-all national revenue.

[Translation]

Mr. Lambert (Bellechasse): Mr. Speaker, could the minister advise the House whether personal income taxes are a greater source of revenue for the government than corporate income taxes? If so, will the minister include in his forthcoming budget measures to increase, if necessary, corporate income taxes on multinationals and reduce personal income taxes, so as to set some sort of balance?

Mr. Macdonald (Rosedale): Mr. Speaker, I must emphasize that corporate income taxes for instance are the equivalent of taxes paid on services, to the extent that the cost of such taxes are reflected in the increased cost for goods and services consumers must pay. The proposed income tax would affect only individuals in the higher income bracket. An individual must pay it himself and not pass it on other Canadian consumers.

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary question. In view of the fact that financial institutions are allowed to deduct 1½ per cent as contingency reserve, and that the former minister of finance had already included in his May 1974 budget, I think a measure to reduce this rate to one half of 1 per cent, could the minister tell the House whether or not he intends, in his forthcoming budget, to raise this rate granted to financial institutions back to 1½ per cent?

Mr. Macdonald (Rosedale): Mr. Speaker, if I understand correctly, the hon. member is referring to the reserves for instance the banks are allowed to keep to cover their losses. This is a suggestion which I feel will be worth considering when the time comes in 1976 for the government to introduce a bill to amend the Bank Act.

[English]

Mr. Speaker: For the last question I recognize the hon. member for Dauphin (Mr. Ritchie).