

● (1220)

Most farmers do not have any pensions of their own; their pension plan comes from what they get when they sell their farm. In my riding the farms are small or average-sized and when they are sold the federal tax man takes a huge bite of the capital gain, most of which is due to inflation. A quarter section of land might have been worth \$15,000 in 1971 but might be worth \$60,000 now. The farmer needs that money in order to retire. The Minister of Agriculture made a promise in 1980 and he remembers that very well.

Mr. Whelan: I do.

Mr. Nystrom: The Minister confirms that, Mr. Speaker. He promised that the valuation date would be changed from 1971 to 1976 and that it would be indexed. I remember asking questions of the Minister in committee over the last few years about whether he was going to keep that promise. I have put the same question to the Minister of Finance (Mr. Lalonde). The answer is always that the Liberal Party keeps its promises. It is four years since the last election campaign and I should like to receive some assurance in this debate that the Liberal Party is going to keep this promise.

Farmers are becoming rather annoyed, they are becoming rather restless, and they are becoming rather suspicious of our good Irish friend, the Minister of Agriculture, who parades around the country in his big green hat. I wonder whether he will get to his feet in this debate and assure the House that he will make this change for the farmers of Canada. If he does, that will go a long way toward helping some of the older farmers retire and use the money from the sale of their farms as their pension. They deserve that, Mr. Speaker. That is the one local point that I wanted to make about the Bill that is before us because there is no reference in it to a change in the capital gains system for the ordinary farmer.

The same thing applies to many small businessmen, of course. The Liberal Party promised that it would change this provision for the farmers and I expect it to deliver. The matter is becoming quite urgent as I do not know how long the Minister of Agriculture will hold that portfolio. If there is a leadership and "Old Blue Eyes" happens to become the next Prime Minister for a few months, I am not sure whether he would agree with the Minister of Agriculture that this would be an appropriate change. I wonder if the Minister will get to his feet and confirm that this change will take place before the end of his mandate.

I am concerned, and I think the whole country should be, that our tax system enables the rich to get richer while the poor get poorer. That is unfair and inequitable but it is a system that is typical of a capitalist economy. Anyone with a few dollars can get a tax write-off and if they make a few more dollars they get a bigger tax write-off. The ordinary working person, the small farmer and the small businessman do not enjoy the same benefit. The biggest stumbling block to the country becoming a more equal society or a more just society is the tax system.

Income Tax Act

In 1962 the Right Hon. John Diefenbaker appointed the Carter Commission to study taxation. Its basic conclusion was that the system was very unfair, as different sources of income were taxed in different ways. A working person in Toronto, for example, has to pay tax on every dollar earned, but a person who clips coupons or derives most of his income from dividends, capital gains, or who takes advantage of the loopholes in the system, qualifies for all kinds of exemptions. That is not fair at all. It is the ordinary working person, the farmer, the small businessman who makes the greatest contribution and the rewards should be equal to those of the wealthy.

An article which appeared a short time ago in *Maclean's* magazine showed the position of three taxpayers in 1983. Taxpayer A had an income of \$200,000 derived from dividends; taxpayer B had a salary of \$200,000 from employment; taxpayer C had an income of \$25,000 from employment. Taxpayer A paid \$36,900 taxes on his \$200,000 dividend income, or 18.5 per cent; taxpayer B paid \$87,600 in taxes on his \$200,000 salary, or 44 per cent; taxpayer C paid \$3,600 taxes on his \$25,000 salary, or 14.4 per cent. You can see the unfairness in this system, Mr. Speaker. The article pointed out that the person with the \$200,000 dividend income could probably reduce his tax load through other federal tax benefits. The Parliamentary Secretary knows that is what happens with a number of people who have large incomes.

[*Translation*]

Mr. Speaker, I say it is not fair that in our society, the richest people in Canada pay only a small percentage of their income in taxes.

[*English*]

I only have two minutes left, Mr. Speaker, and I want to put one or two more things on record. The average tax rate for large companies in this country is 24 per cent but for small business the average tax rate is 36 per cent, according to Statistics Canada in 1979. That is not fair. I think it is the ordinary person who should receive the greater benefit. Large companies also have the advantage of deferring taxes. About \$25 billion is owed in deferred taxes by large companies.

Another statistic which reveals how unfair this capitalistic society of ours is makes a comparison between revenues received from individuals and revenues received from corporations. In 1950, for example, federal and provincial governments collected 51 per cent of their revenues from individuals and 49 per cent from corporations. In the 1960s and 1970s, the age of the Just Society, 71 per cent of total income tax came from individuals, an increase of 21 per cent, and only 28 per cent came from corporations. In 1980, 76.6 per cent of total income tax revenue came from individuals and 23.3 per cent from corporations. This shows that between 1950 and 1980 the tax load for the ordinary citizen went from roughly 51 per cent to 77 per cent while for corporations it decreased from 49 per cent to 23 per cent.

This shows that the tax system is not fair to the ordinary citizen, the worker, the farmer or the small business person. It is time that Parliament woke up to that fact and made sure