

mations of the extent of poverty in Canada. However much we debate the actual figures, there is no denying that the number of poverty stricken Canadians is substantial—too substantial, in fact, to be ignored.

There are many reasons why we should mobilize all our resources to remove these low income Canadians from this degrading state. First and most obvious is the human reason, the untold misery and suffering of these people saddled with poverty. Secondly, there is the economic cost of poverty, the lost output to society. The 1961 census figures show that poverty may have cost the country as much as \$2.3 billion in that year in loss of output that would otherwise have been achieved if the poor had been properly employed. More recently, in May 1971 Dr. Clarence Barber put the loss of output figure at \$5 billion.

Thirdly, and perhaps most relevant considering that this is the budget debate, one can speak of a pecuniary reason, namely the cost in the form of higher tax rates to the rest of society in providing the various transfer payments to the poor. The measure most loudly hailed by the Liberal government as being the salvation of the poor is the proposed raising of personal income tax exemptions from \$1,000 to \$1,500 for single persons, from \$2,000 to \$2,850 for married couples, and from \$500 for those taxpayers over 70 to \$650 for all taxpayers over age 65.

There is little dispute that this is a welcome, though long overdue, improvement. But is it going to be effective against poverty? These exemptions will not even give the poor the same benefits from personal income tax exemptions that they enjoyed 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, which were last raised in 1949, had been increased solely to match the increase in the consumer price index, personal exemptions would now stand at over \$1,700 for a single person and at more than \$3,400 for a married couple. Through these changed exemptions the lot of the poor will not even be restored to its 1949 level, let alone improved. How many poverty stricken Canadians will be removed from the tax rolls as a result of this change? Are we to believe one hon. member when he said that what we have done has been 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 come to the conclusion that the hon. member's statement is completely erroneous.

In the first place, the income tax exemptions that will be effective in 1972 do not even reach the Economic Council of Canada's poverty line for 1969. To see this is so it is only necessary to turn to table 5 of the summary of 1971 tax reform legislation. For example, a family of four with an income of less than \$4,420 is under the 1969 poverty line, yet a family with an income of just \$4,000 in 1972 will pay \$73 in tax. Furthermore, there are between four and five million Canadians living in poverty in Canada now. The tax reforms will remove one million from the tax rolls. This will go only part of the

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way towards removing from the tax roll all Canadians below the poverty line.

Next, let us consider the tax reform that will make child care expenses deductible up to \$500 per child under 14, with a maximum of \$2,000 per family. What result will this have on those in poverty? According to a staff consultant with the metro Toronto Social Planning Council, these proposed tax exemptions could raise the price of private day care, thereby penalizing the poor even more rather than aiding them. The reasoning behind such a probable increase is simple. Currently, the bulk of day care service in Canada is provided by private individuals, many of them low income women. To qualify for the proposed child care exemptions, a mother would have to produce day care payment receipts. This will leave the woman who is providing day care but not reporting her income two choices: she could refuse to issue receipts and thus deprive a mother of the exemption; or she could declare her day care income and raise her rates to compensate for income tax, pension plan, and other payments. The proposed child care exemptions are therefore no substitute for what is really needed, a national day care policy. The poor will not benefit—in fact, they will probably suffer—from the changes since the reforms are not tied to any national day care scheme.

In addition to the tax reform proposals that will affect poverty, there are some ingredients of the budget that will have an impact as well. The removal of guaranteed income supplement payments from the taxable income side of the ledger can only be seen as a trivial move, little more than another hypocritical move by a government which proclaims a desire to aid the needy, old age pensioners and then proceeds to give them a 42-cent increase in their old age pension and fix it at that level.

● (5:00 p.m.)

The budget tell us that the 12 per cent sales tax on margarine is to be eliminated immediately. This is a welcome step because it aids the poor as consumers and it is as consumers in the marketplace that the poor face the difficult task of stretching too few dollars over too many items. The elimination of the 3 per cent surtax is another aspect to discuss. However, my colleagues have already pointed out the lateness and inadequacy of this feeble attempt to stimulate the economy and the even feebler effort to put money—actually a paltry amount—into the hands of all Canadians, especially the poor.

Given this assessment of what the budget and tax reform proposals contain for the poverty-stricken, let us now consider what they could contain. First, let us look at one budget alternative. The sales tax on margarine was removed. Why not remove other sales taxes as well? Removing the tax on construction materials could reduce the cost of housing in Canada, costs that are exorbitant to the poor. Removing the sales taxes on food and necessities has long been advocated by the Consumers Association of Canada. Currently, the over-abundance of sales taxes at the federal and provincial levels hits the poor severely. Taxes on children's clothing are unfair, and mothers who try to economize on these costs by sewing