

Income Tax Act

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Hamilton-Wentworth (Mr. Gibson).

Mr. Gibson: Mr. Speaker, I did speak in the debate this afternoon and my one regret is that the opposition were represented in the chamber by only one member of the Conservative party.

Mr. Bell: Can you blame us?

The Acting Speaker (Mr. Laniel): Order, please. Again, this is a question of debate, a matter which could be debated for a long time if we pursued this type of intervention. Therefore I would ask the hon. member for Gander-Twillingate to continue his remarks.

Mr. Lundrigan: Mr. Speaker, a lot of members were behind the curtain this afternoon during the ten-minute interruption that we had in the House, and I do not want to overlook the fact that we had several interruptions in the debate. Let me go on to deal with some aspects of the legislation.

I think it goes without saying, and without reflecting a lack of knowledge on anybody's part, that it would literally take years for the average Canadian to understand some aspects of the legislation before us. Even some of the greatest tax experts in the Canadian nation admit that its actual effects may not be known for years, perhaps a decade.

I would like to make a few remarks about one aspect of the legislation, namely, its impact on low-income Canadians. As the Leader of the Opposition (Mr. Stanfield) said this afternoon, we have almost been placed in the position of being blackmailed to present a positive outlook on this legislation because some low-income Canadians will receive an easement or some kind of reduction in taxation because built into this massive piece of legislation is one favourable feature which we can all support, even though some of us would go further and suggest that there should be greater increases in the basic exemptions proposed for low-income Canadians.

For the past three years one simple amendment dealing with such exemptions could have been brought forward. I know that I am not communicating effectively with the tax expert from Calgary, the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney), because he does not have ears to hear average Canadians. But let me repeat that at any time during the last three years we could have passed a simple amendment in this House to give relief to low-income Canadians, instead of waiting and having such an amendment incorporated in this massive piece of legislation. By the time this legislation takes effect, bearing in mind that the proposals have been revised following advice from the Official Opposition and other Canadians, I believe some if not all of the potential benefits will have been eaten away by inflation which over three years has reached the cumulative effect of 15 per cent or 16 per cent.

Now I come to deal with the middle-income Canadian. Who is the middle-income Canadian in this country of ours? Some middle-income Canadians are professional people, some are technically skilled people and some run

small, unincorporated businesses. Although I have not seen statistics in this respect I suppose there are tens of thousands of middle-income Canadians or small businessmen across Canada who do not find themselves in a position to take advantage of the relief under the incorporated small business legislation. With the advent of the present income tax proposals we have seen middle-income Canadians express the sentiment that they might as well give up. The small businessman believes there is no advantage for him any more to engage more actively in the Canadian economy. A tremendous amount of apathy has crept into the attitude of the middle-income Canadian. Again, the word incentive, which creeps into everybody's language these days, is perhaps the one word that can be used to challenge the legislation before us.

• (8:30 p.m.)

I am not going to offer an opinion on this matter, but I am sure that people wonder whether these tax proposals will do very much to encourage Canadians to invest in their own country. The increase in taxation will make those Canadians who are trying to invest in any aspect of the economy take a second look at their prospects. I am not speaking of people who invest millions of dollars but, rather, the average small investor with \$5,000 or \$6,000. I cannot predict the impact that this measure will have on investment in our nation when we are crying out to Canadians to invest in their own economy.

Many people believe that the domestic international sales corporation proposed by the American government will become law. This, with the 10 per cent surcharge which has affected the secondary manufacturing industries and other resources, makes the tax package before us redundant. In his speech the other day the hon. member for Duvernay (Mr. Kierans) covered many things that we in this party have already said. In this tax package I do not see anything which is the kind of direction we were looking for as far as resource industries are concerned.

In later remarks the hon. member for Grand Falls-White Bay-Labrador (Mr. Peddle) will confirm that we were shipping millions of tons of iron ore from Labrador to the American market for manufacture. With just a large crane and half a dozen men we can ship millions of dollars worth of non-renewable raw resources, those which cannot be replaced. It can be seen that there is very little incentive for the paper industry or the fishing industry or any non-renewable or renewable resource industries. I do not know if it is because the government did not see fit to address itself to the problem or lacked the ability to do so, but the resource industries of this country are not mentioned to any great extent in this tax legislation.

I am not going to ramble on for 40 minutes speaking in generalities, Mr. Speaker. However, I have a few suggestions, not very sophisticated or complex, which could be considered. One small thing which would not excite many members opposite is the tax now to be imposed on scholarships and bursaries. At the moment, if a young Canadian, especially one involved in graduate work,