

Income Tax Act

people on salaries, as well as others with a low level of self-employed income.

I should like to mention the situation which exists in respect of wage and salary earners. They are the people who are now discriminated against under our present income tax structure. They are the ones in particular who will now have to bear the burden of this new tax which the government has decided to impose to raise revenue.

We must ask ourselves this question: Is this tax based on the principle of ability to pay? I defy the minister to show me that this is in fact a progressive tax based on ability to pay. It seems to be ironical that we are discussing this measure now, a couple of days after the minister presented his new 1969 budget. The minister made public his social development tax proposal last October 22. That was when it was unveiled in this house. But it is only now, more than seven months later, that the government has brought this legislation forward for the consideration of the house. The government was unable to get this measure through the house before the new budget was presented.

It seems to me that if things are going as well as the Minister of Finance indicated in his budget the other night, he might very well consider withdrawing this tax measure and introducing some other more progressive measure to raise what he considers to be necessary revenues. We are not going to achieve any sort of a fair or equitable society by heaping injustice upon injustice. That is what is happening at the present time.

This new tax seems to further distort our tax system, which is badly in need of reform. This fact has been acknowledged and the subject has been thoroughly studied by the Carter Commission. We all know of the many inequities which exist under the present system.

The minister has indicated from time to time that he is going to introduce a white paper. The latest indication is that it will be introduced during the parliamentary recess. It seems to me it is not many weeks ago that the minister indicated the white paper would be introduced in June. A little later we heard that it would be made public during July. The minister is now saying it will be presented during the parliamentary recess, which means any time during July, August or September. I predict that we will see further delays in the presentation of this white paper. Certainly this will be the case if the present pattern continues.

When we are dealing with this particular proposal we must also consider the fact that we now have one tax which is related to the basic structure of the proposal now before us—the old age security tax. Some of the figures are different but the principles of that tax structure are similar to the tax measure now before us for consideration. We must consider some of the inequities of the tax system in our economy, and the fact that there is no provision for taxation on capital gains. There are all sorts of loopholes for the benefit of those people who now have high incomes. Many of these people escape taxation altogether.

I suggest that we need a complete reversal of practice in respect of our taxation policy. I also suggest that the evidence indicates that in practice such a reversal will not be forthcoming under the present government. We need a general change in both fiscal and economic planning which should be based on equity.

Let me draw to the attention of the minister the situation which faces many people in my own constituency of Regina East. Many of them are living on modest wages and salaries in the city of Regina, and many of them are having a very difficult time coping with the present economic situation. This measure, together with the measures proposed by the minister in his speech the other night, will do nothing to relieve the problems of these people. Similarly, this proposal and the proposals of the minister in his budget speech on Tuesday night will do nothing to relieve the serious problems facing the farmers in my constituency. It will do nothing to help the people living in the villages, towns and rural areas of my constituency.

It is certainly true that we are faced with the problem of inflation. I think the government has shown its unwillingness to tackle adequately the problem of inflation, and its unwillingness to correct the inflation which exists at the present time. We are not going to reverse some of the trends toward inequity in our economy by the tinkering the government is doing at the present time. In order to solve this problem we require a radical change in our approach to economic and social policy. I urge the minister to take such steps before it is too late to save the Canadian economy from a disastrous situation.

The Deputy Chairman: Shall clause 27 carry?

Some hon. Members: Carried.