

with one or two children to earn between \$13,000 and \$14,000 a year. Certainly, those who support the hon. member for Oshawa-Whitby and his party in many instances come from the upper quadrant, the upper third let us say, of trade unionists and they earn that much if not more. One need only look at today's wage rates to see the sort of money they are earning.

Taxes have risen for these people to the point that they are paying approximately \$2,000 in income tax. A man with a taxable income of between \$8,000 and \$10,000 would pay income tax of \$2,000 to \$2,500. For the sake of rough justice, I would agree to a limit of \$60 in the amount of reduction. A limit of \$40 I think is wrong and will not accomplish enough.

I also want to support such a limitation because it is in keeping with what we advocated with regard to a tax credit. A limitation in this area will do the most good. If you are giving a tax cut, give it in the area where it will be most meaningful and where it will do the greatest good. If a tax credit system had been adopted, this sort of thing would have been easy to do in this area. That was the point we tried to hammer home in our criticisms of Bill C-259, the tax reform bill of 1971.

• (2010)

Here is a classic example of the flat 3 per cent reduction. For the man in the higher income bracket, the 3 per cent represents quite a fair amount. Let us take the example of a man with a taxable income of \$25,000. He pays an average of 33 per cent or 35 per cent across the board in tax. Let us put it at a rough amount of \$8,000 in tax. He will have the benefit of \$240 as a result of the 3 per cent deduction which he is to be allowed. I do not begrudge him that. He will receive \$240 on a taxable income of \$25,000. The amount of \$240 does not mean too much to him. However, if this \$240 was available to an individual earning, say, \$7,000 with a taxable income of \$4,000, then we would be doing what we are attempting to accomplish in this country. That is where the thrust should be.

This is in keeping with the philosophy we have enunciated in our party in respect of tax changes and tax credits. I am dealing with rough figures, but this is what I would be much more inclined to support so far as a tax credit is concerned. This is a one-shot operation. It is not as though we were setting it up over a period of years. My figures may not be exactly correct.

An hon. Member: That would not be new.

Mr. Lambert (Edmonton West): I love to hear this sage from Hamilton.

Mr. Gibson: I did not say anything.

An hon. Member: You are wrong again.

The Chairman: Order, please. The hon. member for Hamilton-Wentworth on a point of order.

Mr. Gibson: Mr. Chairman, I was thinking all kinds of thoughts but I did not open my mouth on this occasion.

Mr. Lambert (Edmonton West): Mr. Chairman, I apologize to the hon. member, but he is so prone to open his

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mouth and let sounds come forward unthinkingly that I immediately reacted like everybody else. If somebody else made that statement, fine. As I say, these are rough estimates but that is the position I would take. I think the Minister of State attached to the Minister of Finance would not mind if we imposed a limit of \$60. I know an hon. member wishes to bring forward a motion and I shall not steal his thunder. However, he will have much more chance of getting our support if he uses the figure of \$60. That is all I shall say on this clause.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Chairman, I hate to upset the cheering of my colleagues who no doubt anticipate a prolonged and profound 40 minutes address. I made the essential points in debate this afternoon on second reading. I pointed out at that time that the measure before us is completely inadequate in terms of equity and fairness to taxpayers and to the average poor person and, secondly, in terms of providing money to those who would most likely spend it soon and thus stimulate the economy. Therefore, I should like to move an amendment to Bill C-169 as follows:

That clause 1 of Bill C-169, an act to amend the Income Tax Act, be amended by changing the phrase "3%" in line 11 to "6%" and by changing the period at the end of line 19 to a comma and adding immediately thereafter the following words: "or \$60, whichever is the lesser."

I point out in graphic form the reasons for the amendment. I draw to your attention the present maldistribution of benefits in the bill before us. I introduced figures in the debate on second reading which clearly illustrate the maldistribution of tax benefits which this bill provides. If the House accepts this amendment we will set an upper limit of \$60 on the tax benefit which will accrue. At present, if we check the effects of the government's proposal we will find that people in the upper income category will save, in absolute terms, much more money than the average income or poor person.

I have calculated, for example, that a person with two dependants earning \$100,000 a year will save \$1,500 in tax benefit. At the other end of the income scale, someone earning \$2,000 will save a grand total of \$2.25. In each case I am speaking of a person with two dependants. Someone earning \$4,000 would save \$16.41, someone earning \$6,000 would save \$32.28 and someone earning \$8,000 would save \$49.62. This type of maldistribution of benefit is something we should be attempting to rectify in order to make sure that those at the bottom end of the income scale receive the maximum benefit from the tax change.

Therefore, I suggest that members of the House who really want to do something at this time to give immediate benefit to low income groups should support the amendment. This will make sure that these people receive the money and it will not go needlessly to those who really do not need it.

• (2020)

Secondly, in terms of providing an economic stimulus to the economy—that is our concern, as it should be; it is one aspect of tax policy—by making sure that low and average income groups get the \$60 we will ensure that much more of it will be injected very soon into the economy,