

Income Tax Act

bench made a serious mistake in giving direction to the Canadian economy. I would hope he would see the light and take steps to meet the unemployment and export problems we face.

Bill C-259 is a classic example of the legal maxim problems we face, that equity varies with the length of the chancellor's foot. The maxim has now been changed to equity varies with the closeness of friendship to the Liberal party. Who are the friends of the Liberal party? Are they the old age pensioners?

Mr. Knowles (Winnipeg North Centre): No.

Mr. Gilbert: The answer is no. The Exemption of \$650 for individuals aged 65 and over, replacing the exemption of \$500 at age 70, does not begin to catch up with the increase in the cost of living. A short while ago the Economic Council of Canada indicated that a single person requires a minimum of \$1,900 a year to meet the essential needs of the day. What has this generous government done with regard to old age pensioners? The very maximum of the old age security pension and the guaranteed income supplement amounts to \$1,620 for a single person. According to the Economic Council of Canada a married couple requires \$3,200 a year and yet these people are being given \$3,060 to meet the essential needs of the day.

This must be small comfort to people who have given their lives to build this country. I just heard a slight groan from the Minister of Industry, Trade and Commerce. I wish he had been with me on Monday of this week when I attended at the home of an old age pensioner who had written to me asking if anything could be done in respect of rent control. I had the sad duty of telling her that rent control came under provincial jurisdiction rather than under federal jurisdiction. She pointed out that a few years ago she had rented a modest apartment for \$78 a month, that this rent had been increased to \$95 a month and that now it is \$135 a month. I am sure the Minister of Industry, Trade and Commerce does not feel at all happy about imposing such a hardship on a person who has given her life and strength to build a better Canada. Are the working people the friends of the Liberal party?

Mr. Knowles (Winnipeg North Centre): No.

Mr. Gilbert: The answer is no. The basic exemption which increased from \$1,000 to \$1,500 for a single person and from \$2,000 to \$2,850 for a married couple does not begin to meet the demands of the day. On many occasions we have said that the exemption should now be \$2,500 for a single person and \$5,000 for a married couple. If these people had these exemptions maybe they would be able to get by. I think it is time the government realized just what it means for the average working couple to meet the requirements per day.

• (2:20 p.m.)

The employment expenses to workers at 3 per cent of employment up to \$150 a year are just a government ploy to distract the workers from realizing the extent of the deductions given businessmen, their business expenses, dividend credits and other tax allowances on gifts and estates. Do you know, Mr. Speaker, that the best experience that the Minister of Finance and probably the Minister of Industry, Trade and Commerce could have had

[Mr. Gilbert.]

would have been to try to live on \$30 a week which, the Minister of Finance boastfully stated, a single person could do. Then, they would realize that 20 per cent of all Canadians are experiencing desperation living, and at least 60 per cent of all Canadians are experiencing what is known as minimum living, merely getting by. I am sure the workers will realize that the meagre deductions that have been given to them in the form of the increase in tax exemptions and the abolition of the 3 per cent surcharge will have little effect, since some of them will have to pay income tax on employment insurance benefits, medical premiums paid by employers, and retraining allowances. The effect will be nil.

May I ask you, who are the real friends of the Liberal party? They are the businessmen who enjoy the tax benefits from capital gains, dividend income, the mining and petroleum income allowances. These are the real friends of the Liberal party. Let me give you an example. When a person pays tax on capital gain based on 50 per cent of that taxable capital gain at his own personal rate, it amounts to dividing the incomes of all Canadians into two classes; first, the income that people derive from labour and enterprise and, second, the income that people derive from capital gains. Let me give you a striking example, Mr. Speaker. If a worker has a taxable income of \$3,000 from his job, he pays at the rate of 26 per cent. Yet, if a person has a taxable income of \$3,000 which has been gained from a capital gain windfall, he pays half that amount or 13 per cent. This is neither right nor just.

With regard to the resource industries, there is little reform in the taxation of resources. Elimination of the 3 per cent tax exemptions on mining profits by 1974 will probably reduce the incentive to high-grade mining; in other words, mining by companies of richest ore to increase their highest profits for the first three non-taxable years. The inclusion of capital facilities, exploration and development costs as depreciable items, thereby allowing companies to deduct \$4 from profits for every \$3 spent, would leave these companies virtually in the same privileged position as they have experienced for the past 10 to 15 years. I recall vividly the dramatic example that the hon. member for Timiskaming (Mr. Peters) gave with regard to Elliot Mines. The uranium companies moved into Elliot Lake, raped the resources there in a very short time, paid little or no tax, created a community where many people bought homes, many of them through CMHC financing, and then picked up their profits and marched away leaving people in the community with no resource to develop and having large mortgages to meet. This is the tragedy of many of the mining companies that operate in Canada.

If we are going to give special consideration to the mining companies, it will not be long before the Minister of Industry, Trade and Commerce and the Minister of Finance will hear cries from the pulp and paper companies asking for the same privilege that the mining companies enjoy.

I read a striking article in the *Star* a short while ago setting forth who receives the big government handouts. This was reported in the *Toronto Daily Star*. It reads:

Three hundred million dollars a year is what it costs the Canadian taxpayer to subsidize, the mining, oil and gas industry, according to a survey reported in the *Toronto Daily Star*.