

The Budget—Mr. Lewis

unemployment. The economy has ceased to be under the serious strain it experienced last year and has developed a small amount of spare capacity.

In these circumstances one does not seek to reduce aggregate demand. There is more than a small amount of spare capacity available and the minister's intention of making it a large amount is nothing less than reprehensible.

But even if it is granted that the minister should raise additional revenue at this time, was the placing of an unfair and inequitable additional burden of income tax on working people the only way in which he could have obtained that revenue? I say emphatically that it was not—that it was the last source he should have considered. I can put the point no more strongly than did the *Toronto Star* in an editorial of December 2, part of which reads as follows:

Finance Minister Mitchell Sharp merits severe criticism for the unfair manner in which he has chosen to apply the new tax burden.

The main weight of his mini-budget falls on the back of the ordinary wage-earning family which is already hard pressed to meet the inflationary rise in living costs.

Later, the editorial goes on:

It lets off scot free those powerful, fat cat industries—

Those are not my words; they are the words used in this editorial from the *Toronto Star*,

—insurance, oil and mining—which for years have received almost a free tax ride at the expense of the Canadian public.

Indeed, Mr. Sharp has virtually assured these industries that they will be permitted to continue enjoying the special tax privileges they now get.

I agree with the statement in this editorial. I say that even if the government was not prepared to implement the general principles of the Carter report—and I shall have something to say about that later—there was no reason in the world why in the search for additional revenue the minister should not have imposed at least some of the fair and equitable taxes which that report recommended. Removing the special concessions given to mining and oil corporations, and to insurance companies, would have yielded him almost all the revenue he will raise by soaking the working people of this country by way of additional income tax and added taxes on liquor and tobacco. From these two sources the minister expects to raise \$280 million in the next fiscal year. Even on the basis of the 1964 calculations in the Carter

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report, removal of the special concessions to the mining, oil and insurance companies would yield over \$200 million. If, to this, the minister had added even a relatively modest capital gains tax, as he should have done, he would have been able to raise a further \$100 million or \$200 million—or, according to the Carter commission, as much as \$300 million in additional revenue.

Instead of imposing extra burdens on the ordinary people of this country the minister could have resorted to these sources which were available to him, and thus have gone a little way toward offsetting the imbalance and inequity of our tax system. But this is obviously not the objective of the government. I say there is no possible excuse for imposing additional taxes on the people when there are available to the minister sources in the rich corporations capable of providing additional revenue, even if it is admitted that additional revenue is needed.

This striking difference between the treatment accorded working people and the loving care accorded to wealthy and powerful corporations runs right through the budget. Even the income tax is imposed in a totally unfair way. I have tried to find some reason—perhaps the minister will enlighten me on this at some point—for the cut-off of the surcharge at the level of \$600. I can find no justification whatsoever for this, other than the government's determination to be considerate to those who need consideration least, and to be ruthless to those who need consideration most.

Mr. Sharp: Would the hon. gentleman like to know, now? He could not have read my budget speech, because I said we reversed the process of 1965; when we reduced taxes by 10 per cent we reduced them only to a limit of \$600. In putting them back, we simply reversed the process.

Mr. Lewis: We have now heard the minister's explanation, and it is just as invalid as was the original decision. It simply underlines what I have said, that the only reason for the insupportable and indefensible cut-off at \$600 is the inclination of the minister to be kind to those who do not need his kindness and to be unkind to those who do need his kindness. Thus, a person earning an income of \$50,000 will pay a surcharge of only \$600, when on the basis of the 5 per cent he would have had to pay somewhat above an additional \$1,000. I suppose it was thought that the \$100 exemption, which means an additional \$5 to those at the lower level, could be