

Income Tax Act

great admiration for a great stalwart in the political spectrum, John Stuart Mill. However, I think the hon. member might tend to look down his nose a bit at the Tories in regard to the matter of tax credits. Indeed, I suspect he could find himself on the road to Damascus and, while he was undergoing conversion, might notice that all the people raising dust in front of him on that road were members of the Conservative party who were initially sponsors of the idea of tax credits in this country. If he wants proof positive of this statement he would look at the very thoughtful presentation that was made to the Finance Committee by the government of the province of Ontario. I notice that government lacked nothing in popular support when it went to the polls very recently, so it must be blazing some trails.

In any event, Mr. Chairman, I know there is a school of thought that believes that anything the hon. member says is the gospel truth and, even though I and others of my ilk have gone down that road to Damascus in front of him, that anything we say is not to be believed. I know there are enough characters of that kind in the press gallery. I am just stating a fact. Let me get to the guts of the amendment before us because that, after all, is what we are being asked to decide upon, although I do like to keep history straight from time to time. It is one of my preoccupations.

What the amendment moved by the hon. member for Winnipeg North Centre proposes is to give those on lower incomes an exemption of up to \$75 on their income tax, assuming they are taxed from zero to \$75. Then, from that point on everybody would be given an exemption of \$75 on the personal income tax they pay. I do not think we should lose sight of the fact that from \$75 down to zero, that is for those people who earn \$500 taxable income or less per year, the benefits are in diminishing proportions, whereas for those over that figure they are on a quantum basis of \$75 across the board. Apart from that, I think it can be regarded as a tax credit, as my hon. friend from Edmonton West has labelled it.

The advantage of the proposal is that it provides a very large sum for the economy. My hon. friend from Edmonton West thinks it would be in the neighbourhood of \$550 million a year, if I heard his calculation correctly. I, myself, have worked it out at \$532.9 million a year. But in any event, we are dealing with more than half a billion dollars that would be pumped into the economy as a result of the amended Income Tax Act that we are being asked to pass in this parliament. But the greater advantage is that it is not a lump sum left in any one particular person's hands or in the hands of any one group. Except for the group I have noted, this sum is divided amongst the population on the ratio of \$75 per person. Each of us can look around and determine that if he or she had \$75 more in his or her pocket or purse that that money would be infused, indeed enthusiastically infused, back into the economy. In that sense, because the effect of it is spread from one end of the income earning spectrum to the other, I think it probably has a greater advantage than the proposal made to us by the Minister of Finance.

As you will recall, Mr. Chairman, in an act of extraordinary repentance on a Thursday evening a few weeks back, the Minister of Finance did suggest a certain cut in income taxes over a specific period of time, with the

purpose of getting money into the economy. I suggest the formula we have now before us gives everybody a crack at using the money that will come back to us—or will not be extracted from us, I guess would be a better way of putting it—for clothing, for food, for education for our children, for a better car or a Japanese radio set or heaven knows what. There are so many different ways to spend money, and I am sure we will all spend it. This proposal commends itself. It is a better approach than the one suggested by the Minister of Finance.

We should also accept the fact, because we have to be fiscally orthodox to a certain extent and we have to be almost close to paying our way if we cannot pay our way at certain times, that if we vote for the amendment presented by the hon. member for Winnipeg North Centre, as I intend to do, we cannot accept the alternative presented by the Minister of Finance. This seems to be a quicker and better way of achieving what he is trying to do, which is get money back into the economy when the economy needs it, no matter whether you call it a tax credit system or anything else. The proposal commends itself to me. I do not think we should be looking at two things. I prefer one, and I prefer the one I intend to support in a few minutes.

• (4:10 p.m.)

[Translation]

Mr. Matte: Mr. Chairman, I should like to say a few words in favour of the amendment. To all intents and purposes, it aims at increasing the basic exemption to \$2,000.

It is timely, because if we stop and think of the Canadian who earns \$2,000 a year, we know full well that this amount is far from adequate. The individual who earns that amount can barely pay his room and board. I say "barely" because he still has to get clothes for himself, and he has other unavoidable expenses. All hon. members, and specially the Minister of Finance (Mr. Benson), will surely recognize that \$2,000 a year is clearly inadequate.

Consequently, is it reasonable? Is it logical then that this individual should pay \$85 in income tax? Mr. Chairman, to ask the question is to provide the answer. This is something which is absolutely illogical, something which does not make any sense. In other words, before being in a position to provide for essentials such as food and clothing, the individual who earns \$2,000 will have to pay \$85 in income tax. That is overdoing it! This is why if such an amendment was passed, we would deal with the basic injustice from which the small wage-earner suffers.

Apparently the government is always inclined to think that there are no small wage-earners having a \$2,000 yearly income. On the contrary, they do exist. There are people in some areas or at least in some constituencies who actually receive an income which is not over \$2,000. This means that these people who are hard up and can scarcely make both ends meet are compelled first and foremost to pay \$85 in income tax to their government. This is truly shameful.

I think that under the proposed amendment this situation is being improved upon, and that the individual who is in a truly bad predicament and who is being paid a very low salary is being treated a little bit more fairly.