

Excise Tax Act

to be revised to \$4,285 million. That is for the current fiscal year. While the figure is down 12 per cent, in the next fiscal year revenue from corporations will be down by 28 per cent. The government has been very generous to corporations, with taxpayers' money. The consequence is that what it has not received from corporations the government will now have to receive from individuals in this country.

This emerges very clearly when we consider the revenues and expenditures on a national accounts basis. Until about 15 years ago the revenue the government collected from personal income taxes was roughly the same amount as that collected from corporate taxes. Year by year this ratio has changed. There are reasons this ratio should change, but not to the extent it has. Corporate tax revenues at one time being quite close to income tax revenues, we now have a gap between the two in which direct taxes by persons amount to \$14,250 million and direct taxes from corporations amount to \$4,646 million according to the 1974-75 preliminary estimates. In other words, personal income tax amounts to almost four times that of corporate income tax. The situation gets worse in the 1975-76 forecast, where direct taxes from persons are calculated at \$16,120 million while direct taxes from corporations are calculated at \$4,445 million. That is why the government is in trouble, that is why the government has to raise new revenues, and that is why it is hiding behind the guise of conservation to impose what amounts to a direct tax on the ordinary individuals of this country.

In the last couple of budgets the government has prided itself on how many people it has knocked off the income tax rolls. After the whole amount is totalled, it would appear that the government knocked more people off the income tax rolls than were on them. Nevertheless, each budget up to the present one has prided itself on having taken, for example, 200,000 people or 145,000 people off the income tax rolls, but in this budget hundreds of thousands of Canadians will be put back on the income tax rolls. It will not look like income tax because it will be collected through the gasoline tax, but there is no way most Canadians can avoid driving their private automobiles if they want to get to work in this country. That is significant. The government has done this in an underhanded, back door method instead of doing it directly by way of income tax.

I think it is quite clear that all the concessions this government has given to industries have resulted in a further tax burden being imposed on the ordinary citizens of this country. There is no such thing as tax avoidance. Where one group of people or corporations is exempted from income tax or corporation tax, another group has to make up for it, unless the government reduces its expenditures—and most government expenditures cannot be reduced; they are pretty well locked in because they are expenditures and disbursements of funds from one group to another, or transfer payments of one kind or another. All these great efforts to reduce government expenditures have not succeeded. I think that is the essential explanation for this tax being imposed.

If the Canadian people were asked to forgo these corporate taxes, as a result increasing personal taxes on themselves, and this was accomplishing some useful purpose,

[Mr. Saltzman.]

that would be understandable. It might be regrettable and we might argue about the inequity of it, but at least someone could say it was practical and it was working. The truth of the matter is that in spite of these billions of dollars of concessions to corporations, we are facing the highest rate of unemployment this country has had since the depression. This country is not growing. All these give-aways are not working. The feeble attempts of the government in its questionnaire to prove that these corporate give-aways had some effect has fallen flat on its face. The industries themselves which reported, to their credit, said that their investments had not really improved because of what the government gave them in special tax concessions. So essentially the situation is that the government has given away vast sums of money and these vast sums in give-aways have not contributed to the economic prosperity of this country but have only imposed an extra load on Canadians who are not in corporate positions.

If the government were serious about conservation, there are ways in which it could be carried out with greater fairness. The present method is rationing by price, or hoping to ration by price, which must be the most unjust way of doing it because it falls on all. Obviously, when the government rations by price, the poor are hurt infinitely more than the rich who have some flexibility in their incomes and some flexibility, as it turns out, because many are involved in occupations where costs can be written off. Once business is exempted, an enormous unfairness is introduced into the whole situation, because what do people involved in business care? They care to some extent, I presume, but it does not hurt to the same extent it hurts the ordinary working man who cannot deduct the cost of his car or the cost of the gasoline which goes into his car in the way a businessman, salesman, a professional man or many other people who are living on expense allowances can. That is grossly unfair. It is absolutely the worst, most inequitable way to carry out a conservation program. It would be inequitable even if it worked, and I do not think it will work.

If we want to have conservation and we want people to do something about conservation, surely one of the conditions is that it must appear to be fair. We cannot ask the poor to carry out conservation, while the rich are able to deduct. Where is the logic of the argument? The government argues that the reason business has been exempted is that business will only pass on the costs in their products and the services they provide; therefore you must exempt business to keep prices down. Is it not to work the same way for the workingman? If the workingman now negotiating a new contract finds that it costs more to travel from home to his place of work, will he not ask, justifiably, for a larger wage to compensate for the increase? Of course he will.

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The Minister of Finance said that excessive wage demands added much to our inflation. Where is the logic of his position? He wants to hold down costs. Why not exempt workers from gasoline tax they must pay on their transportation to and from work. Why should not the workingman be entitled to an exemption from the gasoline tax on the same basis as the businessman is entitled to an