

Income Tax Act

husband, wife and two children, earning \$45,000 who has a taxable income of \$40,320. His federal tax, before the surtax, is \$11,957. He did have an exemption which is called "surtax threshold" of \$8,000, which is exempt as a deduction to begin with. That is how you get to the \$30,000 taxable income in the first place. That excludes me, as a member of parliament, and other members of the House. The amount subject to the surtax by the man making \$45,000 is \$3,957. His surtax is \$396. I have had half an hour to make this calculation, and I find that in many cases people paying the additional surtax will be saving more in the increased indexing of income tax this year than they will be paying in the increased surtax.

Some hon. Members: Hear, hear!

Mr. Nystrom: The person making \$50,000, with two children, in 1976 over 1975, because of the indexing of income tax will save \$700 this year, and the additional tax put on by this government is less than that. That is not what is happening to working people in this country. The person who made \$50,000 last year, because of indexing saves \$796, and in 1974 over 1973 would have saved \$500. In the last two years a person making \$50,000 has a saving of \$1,996 because of indexing. Here he will have to pay a few more peanuts because of what the government has brought before the House today. It is an absolute farce, an absolute joke and an absolute shame.

This is not a 10 per cent tax. For example, if a lawyer is increasing his income from \$40,000 to \$45,000—lawyers will increase their salaries from \$40,000 to \$45,000 this year by dealing with more wealthy clients—and he is in the 40 per cent tax bracket, he pays a 10 per cent surtax on the portion of his income from \$30,000 to \$45,000, or on his taxable income, which is around 2 per cent or 3 per cent of the actual increase. This is a farce. That lawyer will pay around \$150 on his \$5,000 increase this year. It is a cheap hoax that the Minister of Finance is perpetrating on the Canadian people.

Some hon. Members: Hear, hear!

Mr. Nystrom: Our party has said that any person who has an increase of more than \$2,400 this year over last year should have that amount taxed back at the rate of 100 per cent. Working people cannot rig those guidelines, so why should wealthy people have this loophole and be allowed to have an increase away in excess of \$2,400?

I have one final point to make on the minister's statement. He said the announcement that is coming tonight will unavoidably affect a great number of Canadians, but particularly those with a moderate income. He is saying that he will hurt those people. He is also saying that the decision he has made this afternoon will not really hurt the professional people. He said in his statement:

Our decision to propose imposition of a surtax was not motivated by revenue considerations. The amount of revenue generated by the surtax is not significant—

The announcement today is a farce by the government and should be treated as such.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, we understand very well that this measure does not satisfy

[*Mr. Nystrom.*]

socialists because it is not hard enough on the well-to-do, while Social Crediters would have preferred a measure presented today by the Minister of Finance (Mr. MacDonald) which would have helped the have-nots without depriving the haves.

Mr. Speaker, unfortunately, this measure is only the prelude to another measure which will be announced very shortly, probably tonight, and which will also enable the Minister of Finance to strangle small-earners. The measure announced by the Minister of Finance is a small blow stricken at the rich in order to strike a bigger one at the poor tonight.

I regret, Mr. Speaker, that this measure does not, on the other hand, apply to the financial institutions of the country, that it applies only to private individuals, because if I refer to the figures provided to us recently, banking institutions made the largest profits in Canada in 1974-75, and yet the legislation just announced by the Minister of Finance will not affect these mandarins.

Mr. Speaker, this legislation will further undermine the initiative of those who, I admit, have the largest revenues in Canada; it will further undermine their initiative, which will subsequently affect and impoverish the poor. The best way to affect the poor is to destroy the initiative of the rich. I am referring here, Mr. Speaker, to a very well known saying by a former President of the United States: We cannot have prosperity if we discourage initiative. We cannot strengthen the weak by weakening the strong.

That is what this legislation is trying to do today: weaken the strong or try to make us believe that we are going to help the weak, when it is impossible to do so, because until now, all the taxes or surtaxes which have been voted in this House in the last 20 or 30 years have always weakened the strong without ever helping the weak. He said that it is impossible to help the poor by destroying the rich. A man cannot avoid troubles by spending more than he earns.

The federal government should be the first to implement what Lincoln used to say: It is impossible to base a durable security on borrowed money. That is what the federal government is always doing. It seems they want us to believe that it is possible to base a durable security in Canada on unceasingly borrowed money. Lincoln also used to say that it is impossible for a man to have character and courage if you deprive him of his initiative and independence.

Mr. Speaker, I do not have time enough to go on quoting other memorable words, but it is deplorable to see that all our legislation tends to undermine the very initiative of those who possess something. And I am not ashamed to challenge what the socialists want us to believe, that it is possible to help the poor by destroying the rich. We Social Crediters do not believe in that; we want to upgrade the poor's standard of living without taking anything away from those who possess something. And when the Minister of Finance is bringing in such a measure, he is fully agreeing with the socialists who want to destroy the well-to-do in order to enrich the bankers whose profits of billions every year are never affected, as we can see in any government's bulletin or in any press release by the newly established Anti-Inflation Board. All our legislation adversely affects the low-wage earners as well as the