

*Income Tax Act*

income tax. I recognize that the exemptions will be raised by this bill, but I am talking about an immediate cut in the rates of income tax to individuals and corporations.

Second, I would recommend most seriously, as a further stimulant to the economy, the removal of the sales tax on building materials. I believe the situation is neatly summed up in an editorial which appeared in the *Montreal Gazette* on September 25, which reads:

The essential question, of course, is how much longer taxes can be raised faster than the country's ability to pay them. At some point, the law of diminishing returns begins to take effect. Indeed, in the relatively slow recovery from the recession induced in the name of inflation restraint suggests that point may have already been reached.

In the last five years, the net revenues of all governments have been increased by more than 75 per cent. Over the same period, the gross national product—a basic measure of the country's ability to create taxable resources—has increased by only 48 per cent.

That is as far as I shall quote but that editorial indicates the vital importance of getting government expenditures under control so that they are not increasing faster than both the population and the GNP. That curve which is going so rapidly upward must be brought under control while it is still controllable. Of course, we may not realize the magnitude of the growth of taxation. At the present time, this federal government taxes the Canadian people at the rate of about \$35 million a day every day of the year, including Sundays and holidays. This tribute has to be paid by Canadian initiative, individuals and industry to keep the huge governmental machinery operative but that machinery has grown too rapidly in proportion to the general growth of the country.

**Some hon. Members:** Hear, hear!

**Mr. MacLean:** In his heyday, Mr. Speaker, Genghis Khan was noted for the tribute he extracted from the people he brought under his domination but \$35 million a day makes Genghis Khan look like a piker.

**Mr. Bell:** Benson looks like Genghis, doesn't he?

**Mr. MacLean:** The suggestion that not only must the growth in government expenditures and expansion be controlled but that savings must be made is always answered by the response, "What would you cut out of the services the government now provides?" I do not think it is necessary to cut out anything, because I believe that by cutting taxation we would stimulate industry enough that the net payment of taxes would increase.

**Mr. Hees:** It would stimulate buying power as well.

**Mr. MacLean:** As I said already, the rates have passed the point of diminishing return. I do not subscribe to this counsel of despair that things are so out of hand you cannot cut anything out or down or control anything. We are faced with this dilemma and we must accept it and act like the proverbial lemmings approaching the cliff activated by some primeval urge that they do not understand. I do not think Canadians have reached that point. Surely, even yet Canadians have a right to say, "I am the master of my fate; I am the captain of my soul". Surely, we can decide that we are not going to allow ourselves to be so heavily taxed that we are no longer able to compete in world markets. It is for these reasons, Mr. Speaker, that

[Mr. MacLean.]

I urge the government as a short term measure to introduce an immediate cut in income tax and to remove the sales tax on building materials.

To sum up, Mr. Speaker, I would make the following recommendations: First, I recommend immediate cuts in income tax and sales tax on selected items to stimulate the economy. The tax burden is slowing the economy and the rates have passed the point of diminishing return. Second, as a long term program, the rate of growth of government spending should be curbed in order to bring it below the rate of growth of the GNP. Third, government borrowing should be curbed in order to lessen demand on the money market because that demand is forcing interest rates to rise. Fourth, the government should pursue every means open to it to encourage people to be industrious and efficient, thus improving our ability to compete in world markets.

**Mrs. Grace MacInnis (Vancouver-Kingsway):** Mr. Speaker, as I see it, this is a bill designed to give the impression that it provides something for everyone. It presents the Minister of Finance (Mr. Benson) in the role of the benevolent father of his people impartially concerned in providing gifts for all. Closer examination reveals that beneath the tinsel and glitter of the packages one firm rule has been followed, and that is that this bill contains big goodies for big people and little goodies for little people.

The most disappointing feature of the government's tax bill for us in this part of the House is the fact that the tax changes reject the main principle of the Carter Commission report; that is, that taxes should be based on ability to pay and that taxation should be determined by what a person earns rather than how he got it; that a dollar is a dollar and should be taxed as such no matter what its source. The government has progressively watered down this recommendation in the Carter report in successive investigations and inquiries, and has finally abandoned the principle altogether in this tax bill. The result is that this tax bill continues to widen the gap between the "haves" and "have nots" in this country. It increases the comfortable insulation of the top 20 per cent of our population who enjoy 40 per cent of the good things of this world, and of Canada in particular, and makes more acute the humiliating poverty of the lowest 20 per cent, who try hard to cling to their portion of only 7 per cent of the national income. Their position has not changed very much or, if at all, only for the worse. Somewhere in between are the middle 60 per cent who are trying to climb the slippery slope to security while those at the bottom of the slope are sliding to the ragged edge of poverty.

• (12:20 p.m.)

In my riding as in most other ridings, and I can hardly think of a riding where the picture is different, large numbers of people are concerned about the tax bill. Large numbers of elderly people have come to me saying that this tax bill does nothing for them. Those are the people who helped to build the country. They worked on the roads, on the construction jobs, in plants, offices and factories. They are the ones who raised families and brought up properly our younger people who are now carrying on the work of this country in every field. They