

*Income Tax Act*

materials. But I just wanted to insist on those remarks for everyone nowadays in aware of shameful abuses in that respect, and I meant to bring that matter to the government's attention, hoping they will keep a closer watch in the future.

As regards small savers, again I think little effort is made. They are asked and urged to invest. In my opinion, if the government were serious, they actually would provide incentives for small savers to invest. I believe our economy as a whole would benefit from that. People think there is no capital available. Well, there is, and I think the government would progress tremendously if for two years they stopped taxing new capital entering the market as an incentive to new investors. There is so much money hidden today, which people cannot take out, because the government is there like an ogre, ready to lay hands on everything and empty all chests through all sorts of taxes.

If ever the day comes when government will not tolerate tax relief, will not even grant tax exemptions to have hidden moneys unfrozen, we shall be left without investments. You know that everyday we meet people who do not look rich. I meet farmers in the country and some of them who do not look rich at all ask us to try and hide \$50,000, \$60,000 or \$75,000 they do not want to declare because they would be crushed by taxes. That is when you realize that if one day the government decided to let that money which could help the economy come out I think it would be helping first the whole country by allowing those people to invest money that they cannot bring out because they will have to give up 50 per cent or 60 per cent in taxes. I do not blame them. Indeed, I do not blame them at all. I simply say to them, you are doing the right thing, keep it in your wool sock, because you are going to get about 30 per cent or 35 per cent that will give you a return.

I think that the effort is not great enough in that direction. It is all very well for the government to say we need investment, we need small investors, but the only way is, as I suggested earlier, to give a special exemption for a new capital that would come on the market. It is understood, as the speaker of the New Democratic Party suggested earlier, that a small businessman, a small industrialist invests to meet consumer needs. That's the snag because until the government decides to encourage consumers many small investors will be forced to practice restriction like now.

We have to use restraint because of consumers' lack of purchasing power. In turn, they cannot pay because workers are overtaxed. In other words, their basic exemption is too low. If the government decided tomorrow that the basic exemption for single people were to be \$4,000 instead of \$1,800, and \$7,000 for couples, buying potential would increase. This would spur our secondary industry, our small industry. Large manufacturers would profit thereby. This would boost the economy. Our Canadian economy cannot reasonably be revived without first increasing buying power. And the only way to do that today is to increase basic exemptions.

Labour leaders cry for higher salaries. We are all running like mad after salaries. Fatter pay cheques are not the solution. As one farmer put it: It does not matter what amounts of money we are getting all year long. What counts is what is left over come year end. As I said, the

[Mr. Gauthier (Roberval).]

important thing is what is left over. The rest, the amount of money earned, is relative.

A worker may earn \$5, \$6 or \$7 an hour. With today's inflation, a \$7,000 basic exemption for man and wife, and \$1,000 per child, that makes for basic guaranteed income. Without that, he will find his buying power does not balance his expenses. It does not even balance his debts, because prices rise too fast. Things are going so fast now that we realize salaries cannot match price levels. Because for the last four or five years, every big corporation, every manufacturer has been increasing production by 30, 40 or 50 per cent, while salaries have been tending to catch up for a few years at most, for 18 months.

I think that if the unions worked together they would be strong enough to say: To begin with, we will ask a reasonable basic allowance. And then, we will try to have wages equalized. I think that from that point of view, an actual promotion of investment would be undertaken, because he who has the means will encourage those who want to reinvest in his trade or industry. I think that it is a step forward to develop our economy.

Finally, I will dwell on that later, the bill refers to gifts to political parties. I think that explanations are in order because some difficulties have been encountered. Those who have not experienced any have often been encouraged and protected by politicians. There have been some difficulties, because when we consider both acts, the Income Tax Act and the Canada Elections Act, we note that some provisions are contradictory. Besides, this was confirmed the other day by senior officials.

The two acts are in contradiction. I believe that the act must be clear and precise because people have faith in it. They are told: Your receipts are not valid. They are made up in accordance with the Income Tax Act, but not with the regulations established by the chief electoral officer. This is where we need some clarification, in my opinion. We can try all we want to play on words today, but I believe that we should be discussing the legislation which was implemented in 1974. It is not really the people who have been trapped between the two acts. I look forward to the discussion in committee of the whole because we shall certainly ask for some precisions on this point.

**Mr. Guay (Lévis):** Right now!

**Mr. Gauthier (Roberval):** The hon. member for Lévis said: Right now. We shall do so in two or three minutes if there are no other speakers. For my part, Mr. Speaker, I shall certainly not delay the discussion.

Now, there is no mention of the interest rates. The first point, in my opinion, if we sincerely wish to slow down the economy, is the basic exemption, and the second point is the freeze on interest rates. Before freezing anything else, including wages, prices and incomes, we should first of all freeze the interest rates. I cannot forgive the government for not having done so. I was on the committee on finance, trade and economic affairs when the ceiling on bank interests was removed. This was done by an irresponsible government, Mr. Speaker. I strongly objected to this and I will never forgive the government for having removed the ceiling.