

The Budget—Mr. Flemming

may hurt some. You may be obliged to go without things you and your family need. You may be obliged to borrow money from the finance companies but in the long run it will do you good because of the label on the bottle"—the label being social development. Did anyone ever hear anything more ridiculous? We have other soothing syrup labels also. We have the "just society" and we have "equal opportunity," all intended as tranquilizers.

In connection with the 2 per cent tax let us examine the table found on page 1692 of *Hansard*. A married man with two dependants, earning \$100 per week and now paying roughly \$7.50 per week in taxes, will have his taxes increased by \$46 a year, which is roughly \$1 per week or approximately 12 per cent. Let us compare this with the tax to be paid by the taxpayer with a salary of \$25,000 a year, or \$500 per week. His tax is increased by \$120. His total tax was a little less than \$8,000 and so the tax increase is roughly 1½ per cent for him. The fellow with \$25,000 a year pays an increase of 1½ per cent but the fellow with \$5,000 a year pays an increase of 12 per cent. That is the just society.

This, I remind the house, is in addition to the 3 per cent surtax announced by the previous minister of finance on November 30, 1967. It was supposed to be temporary. That was the adjective applied to it, Mr. Speaker, but it is still with us. I have encountered much opposition to this 2 per cent tax increase and I am sure all hon. members have. I challenge the right of the minister to label it a social development tax unless the funds are kept in a separate account and earmarked for social development purposes only.

I now wish to comment on the taxpayer's interest in the tax on life insurance companies. When we decide to impose a tax on life insurance companies, a tax that has not existed previously, does anyone within sound of my voice think for one moment that this tax will not increase the cost of doing business for the insurance companies? Does not everyone know that it is going to mean larger premiums for insurance protection that people need, particularly when their families are small and before their education has been completed? There is no question about that.

I also view with some alarm the fact that the dividend payments on an insurance policy are going to be taxed. This is really a tax on thrift. Individuals as a rule buy so-called participating life insurance policies as a means of sharing in the earnings of an insurance company by having small amounts credited to their policies. Generally speaking these have

not been taxed in the past but they are going to be taxed in the future and this, I repeat, is really a tax on thrift. Some people blame this on computers but I blame the government. Computers are not making policy. They are merely mechanisms by which tax is collected.

The same principle is going to be followed in the case of interest payments by banks on savings. The banks now will be obliged to report any interest payment over \$10. I believe that previously the amount was \$100. Again we have a tax on thrift, and again the poor taxpayer gets it in the neck.

Insurance as a protection is a must in our society. It contributes to the improvement and strengthening of the morale of people. Encouragement to people to make provision for their own future and to provide individual protection for wife and family should be given by governments at all levels.

The minister further announced a reduction in permitted reserves of banks and trust companies, which he estimates will provide additional revenue of \$45 million in 1969-70. This may properly be described as scraping the bottom of the barrel for revenue. For a long time we have bragged about our banking system. We have announced with pride that we went through the worst crisis in the world's history in the early 1930's with no bank failures. Now, in the affluent society period, we say to the banks: You do not need such large reserves any more; we are going to tax them away from you, and if you run into hard times again you may go broke. What kind of policy is this?

• (4:10 p.m.)

Before I leave the subject of the taxpayer I wish to mention an announcement by the minister that funds for the 1969-70 fiscal period will be secured by moving ahead the dates of payment of corporate income tax. This sounds great. The minister tries to convey the impression that every corporation is like International Nickel, a huge corporation with millions of dollars lying around, and that all the government has to do is move the money to the credit of the Bank of Canada. I say there are many small corporations carried on by people as family businesses. They incorporate these businesses because they want to have them continued after the death of the founder, probably by his son or sons. This happens in every part of our country. Everybody knows it. So I say that the stepping up of the payment of the corporation tax by two or three months, when in many instances the taxpayer has made no credit arrangements,