

because he is a former leader of the Liberal party in Manitoba. I refer to Mr. I. H. Asper. Regardless of how bad his politics may be, or may have been, he is a very erudite and capable tax authority. There is a headline which appeared in the *Ottawa Journal* on Friday, November 19—and this is not a free advertisement for them—“No Welfare for Wealthy with Troubled Tax System.” This article of Mr. Asper really takes to task the National Welfare Council. I suppose the *Ottawa Journal* can say that it wrote some editorials and printed an article on the subject, but admittedly on a back page which completely demolished the grounds for the editorials as well as the article that was put out by the National Welfare Council. Here is what Mr. Asper wrote in the *Ottawa Journal* on November 19:

● (1640)

Canada is truly a country adrift; one with no discernible foreign policy, with which the public can identify; one which rations its massive and untapped energy resources by the strange means of overcharging, through taxation, the people for what should be a plentiful resource; one which cries out, on the one hand, for new business entrepreneurship, but bludgeons efforts toward it, on the other hand, with legislative and tax disincentives, to mention but a few facts of our national schizophrenia.

That is what our income tax system is, Mr. Speaker, a national schizophrenia. Mr. Asper continues:

Most of it is our own fault—the people, who don't understand what makes the country tick, the educators who won't or can't teach them, the political leaders who are afraid to tell the public the truth, and to lead them, and the knowledgeable minority which knows, but is too docile, too passive, or too enriched to stand up and speak out loudly, or support those who will.

Examine taxation, as a case in point. A few weeks ago the National Welfare Council captured headlines plus a lot of free television time on public affairs broadcasting by publishing a “study” which “discovered” that the Canadian tax law is a welfare system for the rich.

Then he adds a phrase that I have used before, that “rich” is anyone who makes more than you. His article continues:

At about the same time this nonsense was given public attention, another responsible citizen, the President of one of Canada's largest and most successful life insurance companies, Great-West Life Assurance's president, James Burns, also published a study, the truth of which is unassailable, which demonstrates that Canada is taxing its most productive citizens higher than most and to the point that they are looking elsewhere to express their efforts and activity. That truth attracted no television attention, and only the back pages of the newspapers.

When he says that Canada is taxing its most productive citizens higher than most and to the point that they are looking elsewhere to express their effort and activity, ask anyone who is active in the real estate development field today where they invest. They invest in the United States because there they are not taxed so high. The return to the investor is higher. Continuing:

Mr. Burns was addressing himself to the difficulty the business community faces in keeping high income earning executives in Canada, or, indeed, attracting them from the lower taxed provinces to those where their after-tax situation is worse.

He produced a schedule of comparative after-tax situations of executives in various income categories in most Canadian provinces, and then contrasted that position to just one of the United States. The study was prepared and certified corrected by a respected international firm of chartered accountants. It is indeed correct, and, if anything, understates the degree of differential.

At the \$25,000 income level—

Income Tax

In industry and in three levels of government today, Mr. Speaker, many thousands earn an income of \$25,000 a year.

—the after-tax differences are noticeable but not too dramatic. After taking into account federal, provincial, sales, gasoline, medicare, CPP, and unemployment insurance taxes, and adding back family allowance receipts, the difference between Manitoba and Alberta is almost \$1,200 per year—\$17,800 compared with \$19,017, with Colorado coming between them at \$18,850 after tax.

At the \$35,000 income level, the differences become more distinct, and by the time you get to the \$50,000 level Colorado and Alberta are away out in front, with the taxpayer netting \$35,000 in Colorado, \$31,741 in Alberta, \$29,719 in British Columbia and Ontario, \$28,000 in Quebec and \$27,864 in Manitoba, Canada's highest tax province.

If the average doctor earns \$50,000, the \$7,000 per year, after-tax take-home pay difference between Manitoba and Colorado might well account for the well-publicized exodus of doctors out of Manitoba. Over a 40-year work life, it would come to \$280,000—enough to retire upon with a lifetime income of well over \$30,000 per year.

The crunch in differentials really becomes dramatic at the senior executive level of \$75,000 salary. The after-tax difference between Manitoba and Colorado is \$13,000 per year in favour of Colorado. Colorado's executive nets \$48,518, whereas Manitoba's nets \$35,528—less than half of his pre-tax income.

Alberta is competitive at \$42,478, with Ontario next at \$39,383, followed by British Columbia at \$39,310 and Quebec at \$36,614.

Those figures don't tell the whole story, which, in fact, is far more dramatic. The U.S. executive can claim a tax deduction for all interest expenses including the mortgage on his home. As well, he can split his income with his wife and thus cut the marginal tax rates even further.

Strangely enough, Mr. Speaker, we then hear about all the provinces of Canada, particularly those that are not as economically developed as others, which must get out and attract industry. Who runs industry? The \$7,500 a year clerk? No, it takes well trained, energetic, resourceful and imaginative executives. In Manitoba, says Mr. Asper, a province that must attract industry, the \$75,000 a year executive gets to keep only 47 per cent of his income. On anything above \$75,000 he must pay 74 per cent federal and provincial income tax; and out of what is left he still has to pay his real property and school tax. Mr. Asper continues:

Now, it would be interesting to learn what reasoning could lead anyone to describe the Canadian income tax system as a welfare scheme for the rich.

Those are the facts. Any student of history should be able to draw the obvious conclusions that flow from them.

I know there will be the reply that there should not be any salaries of \$75,000 a year; that this is too much income; that everyone should be down at the level of the so-called poor people. But it just does not work that way, Mr. Speaker. I have another article on this point. I do not think I will put all of it on the record, but it has to do with another gimmick that was put into the Income Tax Act in 1970 or 1971, the federal capital gains tax. What has been the result of that tax, Mr. Speaker?

● (1650)

In 1971 we saw a so-called tax haven eliminated. I remember the then minister of finance and his parliamentary secretary extolling the high virtue of this move on the part of the government. It was wrong that there should be this principle of deferred depreciation or deferred tax on the construction of multi-storeyed or large buildings. I remember that at the public hearings, tenants' associations in Vancouver and else-