

*Income Tax Act*

more equitable basis for taxation than is the changing of the level of exemptions so favoured by this government.

Finally, in words of the Minister of Finance, we have the proposal to reduce corporate income tax by 7 per cent, which is said to be an important spark or incentive for industrial expansion. I do not know any serious economist who would argue that the corporation really conducts its investment plans on the basis of expected increases or decreases in taxation levels. It seems to me that they operate always on the basis of profit levels, what they really think the market would provide in positive or negative terms. Therefore, I think that a 7 per cent tax relief for corporations is really a colossal give away to the corporate sector of this society.

Having made all these points, and I think they are worth making about the present system of taxation in Canada, especially underlining the present proposals that are supposed to constitute tax reform, I would like to make one or two brief comments about the amendment of the hon. member for Winnipeg North Centre. It seems to me that what it would do is something that all the other items that I have mentioned avoid doing, that is to provide relief in terms of degree where it is most seriously needed. What it really amounts to is a \$75 deduction for most taxpayers. What is important about this from the point of equity is that \$75 is a hell of a lot more to an average or poor man than it is to a rich man and therefore, as has been said by those who have supported the proposal, this is real economic justice. By passing this amendment we would help the unorganized worker in Halifax, the poor farmer wherever he is, the organized worker in Oshawa, Hamilton or Vancouver, and, in short, bring early, important and immediate benefits to many of the average and poor people. Therefore, I think it is desirable from that point of view.

The effect of such a reduction to these people who put most of their money into the economy directly as opposed to high income people who devote a substantial percentage of their income to investment would be an immediate economic stimulus to the economy, and therefore the net effects over a year or so, in terms of economic costs alone, could well be positive. In other words, if it is true that it would cost about \$515 million to put this proposal into effect right now, the economic spin-off effect in terms of its impact on the economy could perhaps exceed that loss of revenue if the stimulus on the economy is as positive as a number of us think it would be. Therefore, on grounds of equity, and in terms of the criteria of economic efficiency for the economy as a whole, I urge support of this amendment.

[*Translation*]

**Mr. Rodrigue:** Mr. Chairman, I consider the amendment brought forward by the hon. member for Winnipeg North Centre to be worthwhile and important, seeking fiscal relief for a group of people who would certainly appreciate it, particularly those in the lower income group. I therefore support the amendment and hope the House will adopt it.

This amendment would save all taxpayers approximately \$75 a year. For some, the amount may seem small, but for those in the lower income group a 2 or 3 per cent increase in income would be most welcome. It would have

[Mr. Broadbent.]

practically the same results as boosting exemptions to \$2,000 for single persons and \$3,300 for a married couple.

The amendment seems very realistic to me, particularly at the present time when the cost of products and services is rising from one week to the next.

Another reason why I support this amendment is that it would leave in the hands of the people a good deal of money. The hon. member for Waterloo (Mr. Saltsman) mentioned a while ago that this amount would be around \$450 million. That would be an injection of money in additional purchasing power into an economy which is slowing down. It is exactly what the government is trying to do at this time, by implementing new programs.

We are specially concerned in this debate on the Income Tax Act about the fate of people in low income brackets. As a matter of fact, the amendment proposed by the hon. member for Winnipeg North Centre aims at saving them a certain amount of tax money.

As members of the Social Credit party, we have repeatedly suggested basic exemptions of \$3,000 for single people and of \$5,000 for married persons. But, even if this amendment does not meet with the goals we had called for, it seems to us that it represents a step forward towards that objective.

The adoption of that amendment may create some technical difficulties. But in my opinion, we should not be tied down by this detail.

With respect to the difficulties that the provinces might encounter concerning what tax percentage should be set up, some of them may not be satisfied. But we should not forget that some provinces have been asking for a greater share of the taxes. I fail to see why those provinces should hesitate to increase their income tax percentages if they have to, considering that it would be a good thing anyway for Canadians to know, once and for all, how much tax they have to pay to the federal government, and how much to provincial governments. This tax credit would mean additional income in the hands of people who really need it.

I hope that the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) will take my remarks into consideration and give serious thought to the amendment proposed by the hon. member for Winnipeg North Centre, in which we join and which we fully support.

• (4:00 p.m.)

[*English*]

**Mr. McCleave:** Mr. Chairman, I would like to deal with the substance of the point raised by the hon. member for Winnipeg North Centre. I should like also to give notice that later I will be dealing with some technical points arising out of section 146(9)(a) on page 395 which relates to the disposition of property by trusts. I shall do that after we have dealt with the amendment before us. I hope to persuade everybody that I am trying to keep a rather amorphous debate within limits as much as possible.

I would like to add my support to that of the hon. member for Edmonton West for the amendment moved by the hon. member for Winnipeg North Centre, and which was accepted by the Chair. Two speakers earlier we heard the remarks of the hon. member for Oshawa-Whitby, that delightful fellow. I think he and I share a