

Supply

Mr. Beatty: I would like to conclude my remarks, Mr. Speaker, with the central point which has to be kept in mind. The vast majority of Canadians are law abiding, honest and conscientious. They pay their taxes willingly and on time. They make an effort to obey the laws to the best of their ability. From the Government they are asking for respect since they are honest people. They are asking for presumption of innocence until proven guilty. They are asking for decency and fair treatment. Surely that is not too much for ordinary Canadians to ask of their Government. Surely in a civilized society, in a democracy such as we have in Canada, any Government which gives anything less to its people deserves to be put out of office.

● (1125)

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, once again I rise to discuss an issue that is before all Canadians, and that is the whole matter of our tax system. I am pleased to see that the Progressive Conservatives have rallied to the concerns that people have brought to our attention regarding the abuses being perpetrated by Department of National Revenue officials in various parts of Canada. The inequities and injustices of the tax system are now being articulated by the Progressive Conservative Party. We have heard a great deal about this in the last number of years and we in the New Democratic Party have been attempting to point out the difficulties that arise.

If there is a theme that we have developed year after year after year, it is the fact that the tax system in this country, whether on an individual basis or on a business basis, is one that is unjust, one that is unfair, one that treats different Canadians differently and one that is biased in favour of the upper income earners, the wealthy and powerful in this country. It is a theme we have brought forward consistently over the last number of years and today we do so again. I am glad to see members of the Progressive Conservative Party rise in their places and say that there are problems with the Canadian tax system.

We are approaching the time of year when Canadians become preoccupied with filling out income tax returns. Once again perhaps as many as 16 million Canadians will file a tax return on a voluntary basis, declaring their incomes and the tax payable. It becomes a preoccupation with more and more Canadians to find ways of avoiding taxes, not because they are attempting to remove themselves from their responsibilities in the country and not because they are dishonourable in terms of not wanting to pay their fair share, but they know in their hearts that by all accounts the system of taxation in the country is grossly biased and unfair. It is an unjust system.

To confirm this we have only to go back to the early sixties when the Royal Commission on Taxation, the Carter Commission, backed up by more than 150 tax experts, found that the tax system in Canada was grossly unfair. It declared that ordinary Canadians were being asked to pay more than their fair share of taxes, that those in the top income brackets were paying too little tax and consequently those in the lower income brackets were being asked to pay more than their

share. From that Royal Commission came the phrase "a buck is a buck and should be taxed accordingly".

Well before Christmas in the House we passed a piece of legislation that will, once again, give an unfair advantage to those Canadians who derive their incomes from investments as opposed to those whose incomes are derived from salaries or wages. Again, this protects a very select group of Canadians from the ravages of inflation. Inflation is something the average Canadian has to accept. The continual decrease of the purchasing power of his dollar is a fact of life. The legislation passed in early December will protect those Canadians who derive their income from investments and is just one more example of the unfairness of our tax system.

I do not think these points can be overemphasized, Mr. Speaker. There are Canadians who are able to take advantage of the loopholes in the tax system that the Government has provided and which will enable them to get out of paying the taxes that most Canadians have to pay. This makes the system more and more unjust as the years go by.

I believe it was in 1979 that the Government identified 200 loopholes in the system and attached a particular cost to them. Each loophole was identified with the amount of money which it cost the federal treasury so that it could say this amount of dollars, be it \$300 million or \$2 billion, a certain group of Canadians is going to retain in this particular year and, therefore, it has to be made up elsewhere or the deficit begins to grow out of hand.

● (1130)

It identified 200 loopholes, Mr. Speaker, and what is the effect? The tax returns for 1981 made it clear that there were a number of Canadians who did quite well in terms of income for that year, but were not required to pay any federal income tax at all. As a matter of fact, back in 1981 there were 297 individuals in our country whose incomes were well in excess of \$2,500,000, there were many individuals who earned half a million dollars, and many who earned in excess of \$1 million, who by utilizing the existing loopholes in the tax system were not required to pay a single penny of federal income tax.

To bring it down to, perhaps, a more common level, Mr. Speaker, in 1981 there were many Canadians who made in excess of \$50,000, and of all of those who had that amount of income there were 8,000 individuals who required a special status. There were 8,000 individuals in 1981 with incomes in excess of \$50,000 who paid not a single penny in federal income tax. As a result of the increase in loopholes, Mr. Speaker, that number was up 64 per cent from 1980, which makes it clear what is happening to our tax system. We are allowing more and more Canadians to get out of paying their fair share of income tax in our country.

An Hon. Member: That is Liberal progress.

Mr. Riis: It is a version of Liberal progress, I suppose, with the idea that if you allow certain Canadians, particularly those in the upper income brackets, to avoid paying any income tax, they will take that money and invest it and, therefore, the rest