

*The Budget—Mr. Andras*

I believe it is agreed among professional opinions that comparisons are best made by relating taxation to gross national product. This approach has two major advantages. It produces comparison results related to the size of the economy concerned, rather than directly on a currency basis and, second, it avoids the problem which would be presented by exchange rates operating when currencies are fixed at different values.

A comparison between taxation in Canada and in other countries on this basis is somewhat reassuring. I have a table here taken from the United Nations year book of national accounts (statistics), 1965. The figures given here take into account taxes at all levels of government, municipal, provincial, and federal, as applicable; they include real estate taxes, income taxes, sales taxes, excise duties, customs duties and so on. This table shows that on a basis of the gross national product the country with the highest taxation in the world is Sweden, where the percentage is 38.4. In France, it is 36.9 per cent and in the United Kingdom, 27.3 per cent. Canada enjoys a privileged position, standing twelfth on this list of 17 highly industrialized countries. In Canada, tax revenue from all sources represents 26.5 per cent of the gross national product. Only in Belgium, the United States, Australia, Ireland and Japan is the percentage lower. Thus, anyone who says that we in this country are overburdened by taxation comparatively should look outward to other countries, study the situation there and also reflect on the benefits we are getting from the taxes we pay.

A further comparison can be made on the basis of real income after tax. In other words, how much purchasing power have we left after taxes have been deducted. Again, I have a table here which indicates that while the consumer price index rose between 1957 and 1966 from 121.9 to 143.9 in terms of 1949 equalling 100, an increase of 18 per cent, per capita personal income rose from 148.5 to 228.1, an increase of 53.6 per cent, and per capita disposable income, after taxes at all levels, rose from 145.4 to 218.2, an increase of 50 per cent. I do not think this represents an extraordinary burden on the taxpayers of this country when we consider taxes in relation to the increase in real income.

Another interesting set of figures shows the effects of changes in taxation on the income of a married taxpayer, with two dependent children eligible for family allowance, earning \$7,500 a year.

[Mr. Andras.]

In 1950, this taxpayer paid \$964 a year in federal taxes alone. In 1966—and this includes federal and provincial taxes in all provinces except Manitoba, Saskatchewan and Quebec—he paid \$863. As a result of the tax changes now proposed he will be paying \$958 a year. So there really has not been much change, though I suggest there has been a great increase in the services which the government has provided during the period between the years I have mentioned.

We have heard it said, particularly by members of the New Democratic party, that the tax increase now proposed is beamed entirely toward the individual and that corporations have not been called upon to take the burden. I have been doing a little research work on this subject and I have taken the trouble to find out what the position is in this country with regard to the distribution of federal taxation between the individual taxpayer and the corporations. I make no defence of corporations, except to say we are bound to recognize, whether we like it or not, that business and industry constitute one of the major segments of our society, investing money, taking risks, producing goods and providing incomes which individual citizens enjoy. All this is responsible for the standard of living we have reached. We cannot afford to kill the goose which lays the golden egg.

Here are figures taken from the Canadian Tax Journal. In the United States in 1963, 22.1 per cent of direct tax revenues came from corporations and 77.9 per cent came from individuals. In Sweden, 9.1 per cent of direct taxes was imposed on corporations and 90.9 on individuals. In the United Kingdom, 18.2 per cent came from corporations and 81.8 per cent from individuals, and in France 11 per cent came from corporations and 89 per cent from individuals. In Canada, Mr. Speaker, 35.4 per cent of direct taxes came from corporations and 64.6 per cent from individuals.

Thus, though it is easy to say that the corporations should be soaked, we must be awfully careful lest we kill the goose which lays the golden eggs.

**Mr. Schreyer:** Would the hon. member permit a question for the purpose of clarification? Would he give the source of the most recent statistics he has quoted?

**Mr. Andras:** Yes, I would be glad to do so. These figures are from the Canadian Tax Journal issue of January-February, 1966 and