

Income Tax Act

profits and taxable income by the size of the corporation. It is for the year 1968 and gives the total in millions of dollars for all industries in certain classes. In those industries where the book profit is less than one million dollars per year, we find that taxes were levied on 76 per cent of the total book profit. In those industries where the book profits ranged from one million dollars to \$5 million per year, taxes were levied on 70 per cent of their book profits. In the class where book profits ranged from \$5 million to \$25 million per year, we find taxes were levied on 64 per cent of their total book profits. When we get into the class over \$25 million of book profits per year, we find that taxes were levied on only 47 per cent of the total book profits. It is quite obvious that our tax legislation is heavily weighted in favour of the larger corporation. The larger the corporation, the more exemption it gets and the less tax it pays.

I am quite certain that the majority of Canadians object to this discriminatory type of taxation which exists, and this is the reason Carter called for major tax reform. This is the reason the NDP is calling for major tax reform. We are not getting it in the bill which is currently before us, and it is time that Canadians insisted that major changes be made. I am convinced, however, that as long as the present administration is in power there is little hope for any adjustment being made.

A number of members have spoken about foreign ownership and the need for the processing of more of our own resources within Canadian borders, but precious little has been done about it by this administration. There is really no incentive in the tax measure currently before the House to bring this about. What has been the result? A short time ago the United States government put a 10 per cent surcharge on manufactured goods which come from our nation. It is very anxious to get the raw material which Canada can supply the basic industries established in that country. There is no doubt about it, the drive is to make Canada a supplier of raw materials for all time and at the same time have Canada as a huge market for manufactured goods to be produced south of the border. I as a Canadian protest very strongly this type of economic policy.

The reason we are in this bind today is the result of economic policies of not only this but past governments, governments of the same make and structure, which for years and years have not come out with policies which stress more fabricating of our raw materials within the confines of our borders. This would give jobs to Canadian young people. This is one of the reasons that over a period of years we have had increasing unemployment. I suggest it is high time we as a nation, and particularly the government, sat down and took into consideration the problems facing our economy, due particularly to this aspect. We should certainly be doing something about it.

Mr. Faulkner: That is exactly what we are doing.

Mr. Harding: That is not exactly what you are doing.

Mr. Faulkner: That is exactly what we are doing.

Mr. Harding: I could quote many instances of raw materials leaving this country in ever-increasing quantities, and no appreciable steps have been taken by this

government to change that situation. I do not think they will ever take any steps to remedy the situation.

Mr. Faulkner: Which ones should we not be exporting?

Mr. Harding: I can mention one of our raw materials which should be manufactured in Canada, since my friend asks me. I come from the province of British Columbia where we produce hundreds of thousands of pounds of copper concentrates, and every pound is being shipped out of the province to Japan and the United States. We could have thousands of additional jobs if the provincial and federal governments had enough gumption to insist that a lot of these products be at least partially manufactured in the country of origin. That is one example, and I could name plenty more. I think this is a field to which the federal government should give encouragement in respect of manufacturing within the confines of a province and within the borders of Canada.

• (4:50 p.m.)

If I may I should now like to deal briefly with some other provisions in the tax bill. As I mentioned earlier, there are to be some increased exemptions for individuals. These certainly are welcome, but it seems to me that those in the lower income groups, including old age pensioners, veterans and so on, will not benefit too much from this legislation. There is no doubt there will be some tax relief, but every year that goes by—and this year is no different from other years—we see a 5 per cent increase in inflation which further erodes the purchasing power of the dollar and harms immensely those individuals on fixed incomes. It would seem that governments in this day and age should logically set standards of income which would reflect the minimum requirements of our citizens. These minimum requirements should be tax exempt.

If an individual requires \$2,000 or \$2,500 in order to get along in a year—and this is the minimum requirement set by those who understand the needs of these people and who have studied the situation—then it is idiocy to have income tax charged on any amount below that level. We suggest, for example, that the exemptions in this bill, welcome as they are, do not go nearly far enough. Single people should be exempt in the sum of at least \$2,500 and married people should be exempt in an amount double that, or \$5,000. It is bad enough to have inflation erode the spending power of these people on fixed incomes without asking them to pay taxes on income which they desperately need in order to sustain life or to at least have a little comfort in their old age.

In the bill before us, we also run into a number of other problems. I shall not deal with these at length this afternoon because I am sure that when this bill is discussed in the committee some major amendments will be moved in respect of one or two points which I shall mention now. These deal with the co-operatives and credit unions. We have received numerous briefs and letters from co-operative movements all across this nation, and from credit union organizations, because they would be adversely affected by this legislation. There is no doubt that in some instances credit unions and co-operatives will be affected so adversely that they will probably have to go out of business. If there has ever been a movement in Canada which has been good for the little people—the little