

of people contributed in the last few years to the progress and the continuing increase of the gross national product, on which the standard of living of Canadians must be based.

In 1933, the gross national product was 3.5 billion dollars, that is \$325 per capita at the time, and the basic exemption for personal income tax purposes was \$1,000, which is approximately three times as much as the value of per capita production.

In 1949, the gross national product was 16 billion dollars, or an average of \$1,200 per capita, whereas the income tax exemption was \$1,000. Let us admit that those were years of prosperity for the individuals and their families. Why should it be different today?

In 1970, the situation deteriorated. The gross national product reached \$84 billion, or \$3,900 per capita, while the tax exemption was only 25 per cent compared to 1933.

In 1974, the gross national product was \$137 billion, which is pretty close to the present time, that is \$6,000 per capita, and the average exemption was not even 25 per cent of the gross national product.

By quoting those figures, Mr. Speaker, I simply wish to prove that Canadians have worked and therefore individuals as well as their dependants are entitled to a better treatment as far as taxation is concerned. The government ought to compel the large corporations to pay the taxes required under the law. We do not want exceptions, only that they be treated like everyone else. If the government did not allow the big corporations to get exemptions on hidden reserves that no one knows about but which do exist, it could lower personal income taxes and still have enough revenue to run the country. I understand, Mr. Speaker, that those big companies contribute to the electoral funds of the old-line parties, but since those practices are now known to the public and exasperate lower and middle income groups, that is why the social order is threatened. That is why we are presently witnessing upheavals which really worry the serious onlookers of the social scene, while people in a position of authority urge some groups to flout the law and to riot. This did happen in this country. I think it is up to us to see that the situation is corrected before it is too late.

I also understand it is our duty as members of Parliament who hold the highest authority in our country to abandon old clichés and turn aside from the beaten track. Let us reject the old ways and adopt new policies which will enable the government to administer with justice both forms of capital which are essential to the nation's progress: the labour capital and the money capital.

It is our duty to ensure the mutual respect of each other's rights, to encourage an atmosphere of mutual understanding which is essential to the development of our country. That is why I suggest, in all sincerity and with some degree of insistence, that the whole tax base should be reviewed, that the basic exemption for personal income tax should be increased and that the government should recover the loss of income by taxing the hidden reserves of corporations, as I said previously.

If it is a good thing, Mr. Speaker, since this may be the keyword, for corporations to have reserves to reinvest in research and expansion, I feel that individuals too should

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have reserves that would enable them also to invest in housing, in the development of small businesses this would stimulate the housing industry and create jobs for our tradesmen, and thus, help to fight inflation and unemployment efficiently; in addition it would allow Canadians to hope for better days ahead. Then we will have stability, a fairer sharing of the tax burden; people, families will then be able to live better, not like millionaires, but decently in this vast and fair country of ours.

● (1620)

[*English*]

Mr. Alan Martin (Scarborough West): I welcome the opportunity, Mr. Speaker, to rise and join in the discussion of an appropriate level of exemption for personal income tax. It certainly is a most important matter. It is one that touches at the very root of the income of Canadians.

[*Translation*]

At the outset of my speech, I want to say that the hon. member for Bellechasse (Mr. Lambert) is a colleague for whom I hold the greatest respect since the day I myself became a member of this House and, in my opinion, he is really a member who works very hard for his constituents by developing various and interesting ideas which he proposes very often to other members in this House.

[*English*]

There have been a number of developments in the area of personal exemptions over the past several years. If we go back to the second world war we find that the exemptions were as low as \$650 for single persons and \$1,200 for married persons. These were then increased to the level of \$1,000 and \$2,000 around the year 1949 and remained fairly static at that level for the next 20 years.

It was really as a result of the Carter Commission report and recommendations that significant changes were introduced in respect of the exemption levels to the point that in 1975 the exemptions are now at the level of \$1,878 for single taxpayers and \$3,522 for married taxpayers. When this is considered in conjunction with the fact that there is a specific minimum tax credit of \$200 applicable on the early portions of taxable income it really means that there is a non-taxable base of \$3,477 for a single taxpayer in 1975 and as much as \$5,017 for a married taxpayer.

It is interesting to note that the hon. member for Bellechasse (Mr. Lambert) amended upward the figures in his earlier motion. I assume he did that because he made the same calculation in respect of his earlier motion, and noted that what he wanted had already been achieved. I think this is a considerable and significant improvement over the exemption levels which existed as recently as five years ago.

In general I tend to agree with the observation made by the Carter Commission that exemptions should be sufficient to cover the non-discretionary use of initial income such as for things people cannot avoid buying. However, I do not think income tax exemptions should be high enough to ensure a—and I put this term in quotation marks—“subsistence” level of income mainly because this term is so difficult to define in any meaningful way. It is something like beauty which so much depends on the interpretation of the beholder. It is the relative position of