

Income Tax Act

exemption, there is a proposal for a capital gains tax. Some tinkering has been carried out here and there, but the principle is the same. I maintain that the opportunity for true tax reform has been missed. There is no question in my mind that the elimination of the estate tax in no way compensates for the imposition of the capital gains tax. The capital gains tax is certainly new. It hits everyone, and most people are still saddled with the equivalent of an estate tax. I urge the House to adopt my amendment.

Mr. Max Saltzman (Waterloo): Mr. Speaker, if we look at the progress of the debate today we get some indication of the affection in which this bill is held by the opposition. We have heard a short statement by the minister and a somewhat longer statement by the hon. member for Edmonton West (Mr. Lambert) whose amendment would have the effect of killing this measure.

The legislation before us is thoroughly bad legislation and it does not represent tax reform. When the Minister of Finance (Mr. Benson) referred to it in his budget speech, he and his hon. friends were crowing; they thought they had pulled off the grand coup. Here was finagling to end all finagling, a juggling act to disguise the fact that after nine years during which the country had been looking forward to tax reform, the government had betrayed it by producing, not tax reform at all but merely some tinkering with existing provisions. At that time, when the budget was introduced members on the government side were saying, "Let's call an election. Now we really have an act to go to the people with."

I said at that time, as did some of my hon. friends, that they must have thought the Canadian people fools to buy the stupid legislation they were introducing. The Canadian people are not fools, and they have not bought it. They see right through the sham measures contained in this so-called tax reform proposal.

● (9:00 p.m.)

Today we have a rather subdued group of people on the government benches. They are not hooting and hollering as they were on budget night, they are not nearly so confident of themselves as they were then, because a look at the legislation of which they were so proud a few months ago reveals that these so-called increased exemptions will do little more than restore the purchasing power of the old exemptions which were introduced many years ago. In other words, they are doing today—inadequately, I might say—that which should have been done progressively over the last ten years at the very least, namely, raise exemptions along with the increase in the cost of living, in fairness to the taxpayers of Canada. This was not done. The government put it off and put it off in order to enable them to put it all together in a little package and to pretend that they had accomplished something substantial. But this has been seen through completely. It is a sham and everyone can see it for what it is.

In many cases the so-called benefits that the taxpayer, particularly the working-class taxpayer, was supposed to receive, if you look at the tables, will not be felt. It is

[Mr. Lambert (Edmonton West).]

claimed that these taxpayers will be paying \$100 less in taxes, in some cases \$110 less. However, the government do not take into account, or they pretend not to take into account, the fact that many of these taxpayers will really be paying more taxes, not less, as a result of the increased exemptions.

For the first time unemployment insurance is going to be part of taxable income. Therefore, those who have been receiving unemployment insurance benefits in the seasonal industries will find that they are worse off under these provisions than they were under the old legislation. Those who have been receiving allowances for manpower retraining programs will also find they are worse off, because all their allowances will now be taxable and as a result they will pay more tax, not less. In many cases trade unionists who have negotiated contracts with their employers to include in their wage packages payment of medicare fees, which in many cases were included in the wage packet in lieu of increased wages, will find that these payments are now taxable and will have to be reckoned as taxable income, the amount of which may be far greater than the so-called increase in exemptions that has been granted. So all in all, as a result of just the few examples I have mentioned many of our working men will find they are worse off than they were before. This is why we are quite happy to support this amendment, and we congratulate the hon. member for Edmonton West and all those who participated in preparing the amendment for moving that the bill be not now read the second time.

One must also ask why tax reform was dropped. Why, after all these years during which we had the Carter commission, the white paper, the House of Commons committee report and the Senate committee report, did the government capitulate completely to those who are against tax reform and virtually drop every progressive measure from the tax package? My hon. friend from Edmonton West suggested that it was because there was a large public outcry. I ask him, a large public outcry from whom? The Liberal bagmen were the only ones who were crying out, because they were going to be paying more tax.

I conducted a survey in my riding on the white paper and sent out a questionnaire. Questionnaires usually return about 400 answers in my constituency, but the questionnaire on the white paper returned 500 answers, 300 from those who freely admitted that they did not understand what was in the white paper, the remaining 200 objecting. The truth of the matter is that most people in this country are not opposed to tax reform since it is they who would have benefited substantially from such reform. The people who are opposed to it are those who always "had it made", those who are satisfied with things as they are, those who are getting their money from capital gains, those who are escaping taxation through depletion allowances and shares in resource industries, those who are getting the 20 per cent tax credits: in other words, the very small group at the top.

I am surprised that my hon. friend from Edmonton West says that there was a large public outcry. Perhaps the large public outcry was from friends of his. I under-