

Income Tax Act

wages and salaries are taxed. He pays on \$10,000, \$844 in taxes. Is that fair? I do not think it is.

• (1630)

The third example is that of a single person who has no dependents and also has an income of \$10,000. His income is through dividends rather than through wages. He is the poor guy who clips coupons and derives his income through dividends from corporations. Under this new bill he pays in taxes \$193 per annum, or even less. This person takes advantage of the tax loopholes that this government has built into the taxation system and which the Conservative party supports. The tax is \$193 or less for a person with an income derived through dividends, and is \$2,285 for the person who slaves it out in the factory or in a business who receives his income through wages or salaries. I say it is about time that we changed that system. We should treat all taxable income equally, whether it is the income of a corporation or a person working in a factory or teaching school.

The final point I want to make in respect of taxation is a point which has been made many times. It was made last year by Mr. Kierans. The natural resources and extractive industries in this country should be taxed at a much higher rate and should not have the advantage of the tax loopholes they now have. If this were done, there would probably be much more incentive for capital to go into the manufacturing, processing and service industries, industries which are labour intensive and not capital intensive. Therefore, there would be more jobs and employment would not be exported from this country. We could accomplish that objective by reforming our tax laws and making these people pay their fair share.

Like the former member for Duvernay, Mr. Kierans, I would like to point out a few statistics which reveal how unsatisfactory the taxation system is when it deals with raw materials compared to other sectors of our economy. I have some statistics from the Department of Finance in Manitoba which I believe were used in this House by Mr. Kierans last year. They show the percentage of profit on which companies paid taxes over the last few years. We find that the retail merchants paid taxes on 90 per cent of their profits. Wholesalers paid taxes on 87 per cent of their profits. The construction industry paid taxes on 77 per cent of its profits and manufacturing paid taxes on 65 per cent of its profits. Then, when we come to the mining industry, which is capital intensive and which is largely foreign owned or dominated, we find that it paid taxes in the last ten years on the average of only 13 per cent of its profits because of the special gifts, concessions, grants and loopholes which are available to it.

Turning to the gas and oil companies, we find that they are even better off than the mining companies in Canada. They paid taxes on an average of only 5.7 per cent of their profits. I say it is time that we reformed the tax system so that we do not provide any more incentives for the mining, gas and oil companies. We would then have more revenue for the people of Canada and more revenue for programs to encourage more capital investment in manufacturing and processing which would mean that our country would indeed be better off. So, I want to urge that the minister give consideration to some of these suggestions. I think these are ways in which we can provide

[Mr. Nystrom.]

some real purchasing power for the little people and give them some confidence in their own country and in the economy of this country. I urge the expeditious consideration of the bill before us. It deals with individuals. It deals with the average citizen and will help him a bit in the jungle of taxation laws we have in our country.

Mr. Stevens: Mr. Speaker, would the hon. member for Yorkton-Melville entertain a question?

Mr. Nystrom: Yes.

Mr. Stevens: The hon. member has reviewed what he regards as the inequities in the taxation policy. Does he feel it would also be helpful if the government stopped spending so much money?

Mr. Knowles (Winnipeg North Centre): A good Tory question.

Mr. Nystrom: The question is so typically Tory that I am almost stuck for an answer. The hon. member asks whether or not cutbacks in government expenditures would make for a more equitable taxation system. I agree that there are a number of areas where there probably could be cutbacks in government spending, but I believe there are also areas where the government should be spending money. There should be more expansionary measures in the budgets of the country; there should be more government leadership, for example, to provide jobs which would in turn provide more productivity in our economy, this would lead to greater benefits for the average citizen. I think we can do this by implementing a tax reform package such as that advocated by our party and by implementing many of the proposals in the Carter Commission Report. This would give a real incentive to the average citizen. The average citizen will not receive much incentive if General Motors or Shell Oil is given a huge tax concession or a huge grant under DREE or under some other governmental program. The average citizen will have more of an incentive if he receives a genuine tax cut so that he is able to buy some better food, purchase some better furniture or perhaps purchase a home in order that he may have better living accommodation for himself and his family.

• (1640)

[Translation]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to make a few comments about Bill C-170. I would like to refer in particular to the impact of our economic system on taxpayers. Mr. Speaker, they are not satisfied because they cannot enjoy the goods that nature and industry have put at their disposal.

Mr. Speaker, if I may, I would like to consider briefly the situation which prevails in any of the world nations. Whatever political party or economic philosophy we adhere to, either capitalist, socialist or communist, everywhere in our world which is called the earth we find natural resources, everywhere people till, work, produce, consume, capitalize, finance. Everywhere, healthy adults are responsible for the production for all citizens, including those who are too young, too old, too ill, too poor, too uneducated to earn their living. We must protect them.