

The Budget—Mr. Rynard

on. But the joy at the stay of execution was very brief indeed. As John Bassons said in the *Financial Post*:

The new tax bill is like an exotic fruit; extremely appetizing to look at and initially good to taste, but devastating in its after effects.

● (5:30 p.m.)

Mr. Bassons opined:

The early enthusiasm of the Canadian business community will be short-lived.

Yes, Mr. Speaker, when Monday morning came the minister's budget enthusiasm lasted just 27 minutes on the stock market!

Over the years since it was first acknowledged that something had to be done to straighten out the tax jungle there have been patches applied here and there, additions here and there as the government struggled to meet changing conditions. At the start taxes were simple and clear cut; there was no misunderstanding. But as time went by the fact that they needed reforming goes without saying. They needed simplifying so that the ordinary man and woman who had to file a tax return could do it honestly. Now it is a many-sided coin with, in many cases, different interpretations.

The Minister of Finance (Mr. Benson) did little to resolve those problems. I was told by a reputable, large, well-established accounting firm that it would take six months or even more to unravel some of the interpretations of this budget. However, the minister did remove some of the onus of responsibility from the taxpayer. He has made it necessary for the revenue department to prove a claim within a given time of 120 days. This was long overdue and for it, as a taxpayer, I commend him. The minister raised the rate of exemption from \$1,000 to \$1,500 for single taxpayers, and for married taxpayers from \$2,000 to \$2,850. But let us not forget that these exemptions were of 1948 vintage. Justice has been denied these people. There should have been adjustments every few years.

The minister took 750,000 taxpayers off the rolls, people who should have been taken off long ago. Member after member has asked for that in this House over the years that I have been here. But even with taking those people off the rolls the government is going to get \$30 million more than it pays out, in deductions for unemployment insurance as against what it collects by classifying the benefits received as income. Also, medicare premiums, when paid by employers, are to be taxed as income and, if my figures are correct, will bring in over \$80 million. How much is the government going to tax adult training allowances? There may be another \$20 million there. In other words, it figures out that the government recovers nearly all, if not all, from the working people.

Let us take another look at the raising of the basic exemption which, as I have stated previously, first came into effect in 1948 at a time when the cost of living index stood at 100. Today it has run up to 170. This still leaves the single fellow \$200 short and the married couple \$550 short. Let us not run away with any idea that we have done justice to the working poor.

[Mr. Rynard.]

The opposition has been pleading for the exemption of the guaranteed income supplement from taxation. I am glad that at least the government has listened. This is something that should have been done long ago, because many of our senior citizens have been finding themselves in very difficult circumstances. Nothing was done to ensure prescription drug care for these people, through negative income tax or otherwise. Really, what have we done about the two million poor who through inflation and otherwise we have made poorer every year? Nothing has been said about the negative income tax for these people. What became of all the good intentions of the Minister of National Health and Welfare (Mr. Munro)?

There was no mention in the budget about the cities and the problems they are encountering in welfare as a result of huge increases in unemployment. Tax deductibility of child care expenses is a breakthrough in principle only, in recognizing the job expenses of the working wife and mother. But when you go through the figures for child care expenses it means little more than recognition. The allowable \$15 per week, which drops to \$10 per week on a 50-week basis, is not much. Take the typical case of a working wife and mother who is employed as a stenographer earning around \$400 a month. She can now deduct the maximum of \$1,000 for the care of two children. In this instance she gains \$260. But assuming that her husband makes at least as much as she does, this family will lose \$120 in family allowances and so ends up only \$140 to the good. At this rate, the working wife should not have too much trouble choking back her sobs of gratitude to the minister. The husband does not stand to gain much directly unless he is a single parent.

Most day care in Canada is unorganized and no figures exist for it. The government's insistence that day care receipts bear the social security number of the babysitter is clearly aimed at bringing the neighbourhood nannies into the income tax net. This can only have the effect of boosting charges for freelance, child care services and in the long-run increase the costs to the working mother.

Take the case of small businesses. Their tax was 21 per cent up to \$35,000, and now it is to be 25 per cent up to \$50,000. That is a 4 per cent increase in taxes. Twenty-five per cent on \$50,000 only applies till it reaches \$400,000, and in eight years you eliminate all companies that have been earning up to \$50,000 or more. At that stage are they to sell, get out, pay taxes or what? This will not increase the growth rate of Canadian companies: it is penalizing them.

Then we have the question of provincial finances. There is nothing to indicate what will happen here. What about the deficits? All provinces but two will have deficits this year. Ontario is going to have a deficit of over \$425 million, and the federal government of \$750 million. What does the federal government propose to do about this? This will mean an additional \$100 million in interest payments on borrowed money. Where do we get the money to provide the jobs that we are going to need? This is the crux of the problem. Where are we going to get jobs for the almost 600,000 who are unemployed? To maintain current levels of unemployment by 1972-73 will