family they may have acquired, and making the other expenditures they have to make as newlyweds and who are fortunate enough to be able to save $1,000. Of course, no difficulty is encountered by persons in the higher income brackets who have lived in a luxurious apartment for a long time: they can get this tax benefit. If hon. members look at the figures, they will find there are many more people taking advantage of this concession in the high level brackets than in the low level brackets. There are a couple of tax experts sitting on the floor of the House advising the minister. Both of them are young people. But I will bet they never advise the minister in terms of what their needs are. They advise him in terms of what the act provides and what the government wishes to accomplish in that respect. I am sure there is very seldom any practical application when it comes to changing the income tax structure. If you were to raise the personal exemption of the poor people by $100, they would be very grateful. It would not amount to very much, but they would be very grateful.

● (1640)

If you give that same benefit to those in the high income bracket, they would not be very grateful; they would want considerably more and they would get more even out of $100. The benefit to them would be considerably larger than it would be to those on lower incomes.

I have heard of a large corporation in this country, a multinational corporation which is worth probably $1 billion. I understand that in 1974 they paid $8,000 in income tax. You and I may have come close to paying that ourselves, and yet we are certainly not in their class, but the tax structure in this country is such that all the time we are giving a hand-out to those who do not need it. In the case of income tax, we take it out of the hands of those who need the money, because if you can save $6½ billion out of the income tax structure it comes from those who most need benefits from the government. The only reason we collect taxes is to help pay the expenditures of the country. If there is any other reason for collecting money, I fail to see it because this government has not done very much to establish corporations, industries or Crown corporations for the benefit of the ordinary Canadian. In fact, many of the directions in which they have gone have been contrary to the wishes of the general population. That includes CDC in which I, for one, had very high hopes, it being the kind of corporation, I thought, that might work for the average Canadian.

The benefits that the Canadian population will get from the Canadian government will come out of taxes, the great bulk of which is raised from corporation taxes. Therefore, if you use the tax structure to help the rich, this will be done at the expense and to the detriment of the poor. In my opinion, that income tax structure would be a much better one if no deductions of any kind were made, which would mean that you could keep the rate of tax very low. You could set a floor below which taxes would not be paid, and all those above that level would pay their taxes. This would be done on a progressive scale. In many cases, I do not see any benefit in us giving the rich this $6½ billion. They have not invested in this country. In talking to people in other countries, one finds out something that all of us should know but which I did not realize. I was talking to a person about the province of Quebec, and we were saying it would go it alone. That person said that rather than going it alone, it would become a state of the United States because the United States already owns the province: 70 per cent of the capital of Quebec comes from the United States, and if it is going anywhere, that is where it would go.

Why is the U.S. putting that kind of money into one of our provinces, or perhaps into all our provinces? They are doing so because those people to whom we allow these huge tax exemptions are not investing in Canada. They own insurance, they own stocks and bonds, but in many cases they own them in countries other than Canada.

The minister has been interested in discussing with us equality in our tax structure and how it applies. He pointed out one section in the pamphlet which indicates how the system works. For instance, in child-care they use the example of a tax credit in lieu of an income tax arrangement. A tax credit of $350 is mentioned in the pamphlet, and two women would be eligible for the same $350 credit. For the woman earning $6,000 this would mean a reduction of $93 in her tax bill. Instead of a tax saving of $257, her taxes will be reduced by $93. The woman making $20,000 would have her tax bill increased by $30. Since the present tax deduction gives her a saving of $380, but the credit only allows $350, she has to pay $30 more.

Probably everybody agrees that we should be providing free child-care in this country and we should establish free day-care centres. But we can only provide them if we obtain money from taxes to make that possible. Is there any reason why one woman with a child should be allowed greater compensation in child care allowance than another woman with a child, the only difference between them being the amount of income they earn? Is there any equality in that? These children need to be looked after in the same way. But we are giving one woman a greater allowance by giving her a tax deduction. I am sure most hon. members would say that the woman who was earning $20,000 wants her child to be better looked after. She will have to pay more for a nanny. There is a section here which discusses nannies. I understand that the Minister of Transport charged the nanny he hired half the cost of the aeroplane fare. We should look at his deductions to see if he charged a full deduction for that.

The Deputy Chairman: Order, please. I regret to interrupt the honorable member, but his time has expired. He will have another chance to speak on other clauses of the bill.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I speak to the minister in support of the registered retirement savings plan and in support of the raising of the maximum amount from $2,500 to $3,500. I have already mentioned this in the budget debate, and I repeat it today. The reason I support the principle of RRSP is very simple. One of the ways to make our system work is to make it possible for our people to set aside some of their current earnings for their