

*Income Tax Act*

silent on the other side of the House. I should like to hear from some of the competent speakers on the other side, from somebody like the hon. member for Don Valley (Mr. Kaplan), the hon. member for Etobicoke (Mr. Gillespie), the hon. member for Grenville-Carleton (Mr. Blair), the hon. member for Ontario (Mr. Cafik). What about the vociferous member for Okanagan Boundary (Mr. Howard), the hon. member for Middlesex (Mr. Lind) and that ever-loving member for Calgary South (Mr. Mahoney) who can shirk off any kind of problem with a crooked smile?

These members perhaps finally realize that the minister has completely left the world of reality and that they cannot possibly support this kind of measure. Again, why cannot they support it? Well, they sit and listen to No. 1 as good mummies or good dummies. They cannot understand how the Liberal Party's divine right to govern could ever be challenged. They say, "What difference does it make if we make mistakes; we are Liberals?" You remember, Mr. Speaker, not too many years ago the six-buck boys. Does this not remind you of the old gang, Mr. Speaker? They were defeated in 1957 and they said to the House of Commons that had a minority government sitting on the other side, "Give us back our jobs". After the next election, based on the past performance of this administration, cannot you just see that group over there saying, "Give us back our jobs"?

I want to summarize this legislation. The government, in its desire to overhaul the tax system of Canada—and they cannot be blamed for that—made their first serious mistake at a cost of \$44,000 to the Canadian public when the minister brought out the white paper on tax reform. What a masterpiece that was! Even Mr. Pickersgill is incapable of that kind of deceit. Almost immediately members on both sides of this House reacted, expressing a great deal of concern, with the sole exception of the socialists who said, "It does not go far enough".

• (3:30 p.m.)

I wonder how many of the socialists who belong to the Blakeney bunch, or even those who sit in this House have had the guts to go to the western Canadian farmer in Saskatchewan and really explain what Carter wanted to do for the western Canadian grain farmer? Not many of them did, although in the last few weeks they have had much to say about economic nationalism. The Leader of the Opposition (Mr. Stanfield) immediately set out to inform Canadians, as did Mr. Bullock and Mr. Asper. I do not need to remind the crowd over there who Mr. Asper is, but he reacted violently and went so far as to publish a book attacking the white paper proposals.

What was the end result? There was withdrawal, retreat, a backing away—and then the introduction of Bill C-259 which is so far removed from the original proposals that, if compared, any similarity between the two could not even be recognized. The government wisely interpreted the hundreds of thousands of objections pouring into Parliament Hill offices as the end of the Trudeau regime unless it backed off. I say to you, Mr. Speaker, that after spending \$190,000 to answer this criticism, backing off cannot now save the government. What are some of the objections? My first objection is to the \$44,000 spent on the white paper, paid by the taxpayer, and to the \$190,000

spent to answer the criticisms, paid by the taxpayer. Then, as I say, there was retreat and withdrawal. Members of the government said, "We made a mistake. Sorry you feel that way, Mr. Voter, but we will change".

This measure gives nothing to those who most need assistance—dry bread, a little water, not even butter on the bread, not even peanuts any more, and it threatens the co-op movement with double taxation. The share structure of co-ops is unique, Mr. Speaker, and I hope the government will review that part of the legislation. Business is concerned with the ambiguity of the tax reform legislation. The Canadian Chamber of Commerce wants more time to study the legislation. I hope it is granted.

Let us look at some of the points that make up the criteria for acceptable legislation. What was it that the minister wanted to do? Canadians in the lower income tax brackets face a heavy total tax burden. In recent years sales taxes and property taxes have been increased substantially. Where changes in the income tax can provide relief it must be given to those with lower incomes. The minister said that the government proposes increases in the exemptions to ease the burden on these individuals and families.

Mr. Speaker, let us look at what is shown in the "Summary of 1971 Tax Reform Legislation" published under the authority of the Minister of Finance (Mr. Benson). If a man has a taxable income of \$1,200 a year, under these proposals he will not have to pay \$15 tax, \$1.25 a month, any more. If a man earns \$8,000 a year he saves \$3 in tax, about 35 cents a week. If a man earns \$15,000 a year he will pay \$64 more. If he earns \$20,000 he pays \$39 more. If he earns \$25,000 he actually pays \$3 less. If he earns \$30,000 he pays \$26 less. If he earns \$50,000 he pays \$163 less. If he earns \$75,000 he pays \$377 less. If he earns \$100,000—and this man really needs it!—he pays \$1,011 less.

The second point that the minister makes in this booklet is that important forms of income and benefit escape taxation. The government proposes to bring them into taxable income. In particular, a tax on capital gains is proposed. The minister has somewhat backed off that; I suppose mounting pressure has been the reason for his doing so. Later in my remarks I shall deal at some length with capital gains.

The third point that the minister seemed to be concerned about was that through clever devices tax can be avoided under the present law. The reform must close loopholes now available to those with the wealth and expert advice to use them. No one can argue that point. But where are the changes that close these loopholes? The minister also pointed out that wage earners are unable to deduct many legitimate expenses from taxable income. This is an interesting point. He said that new deductions would be introduced to benefit employees and working mothers. That is generous, Mr. Speaker, but what about allowing a man who earns \$5,000 a year \$150 toward the equipment that he must buy in order to keep his employment, and then taxing his son on any bursary or scholarship over \$500? The Minister of Finance may please a few bachelors who would be happy with that kind of allowance, but most married people will not give it their support.