

Income Tax

In fact, Mr. Speaker, on March 29, 1977, the same daily newspaper revealed in an editorial some figures which are very enlightening about Canada's public debt. In fact, it was said and I quote again:

As to any pump priming of the economy, it cannot be said that our government has made things easier for us. Expenses connected to public debt direct servicing have increased by 120 per cent during the last five years, that is 135 per cent at the federal level and 100 per cent at the provincial and municipal levels. The annual burden for each Canadian worked has risen from \$444.44 for fiscal year 1971-72 to \$822.92 for the fiscal year ending this month. The total cost for last year was \$7.9 billion; what an amount of money for just servicing the debt. The direct public debt reached \$96 billion by the end of 1976, that is \$60 billion for the federal government, \$25 billion for provincial governments and finally \$11 billion for municipal governments yet these astronomical figures do not include the \$24 billion guaranteed by the various governments on behalf of Crown corporations. This debt has been contracted in order to make up those deficits. Governments pay off only a small fraction of their debts. When a given debt is due, most governments will simply borrow again to pay it off. It is easier to do things this way than having to increase taxation or reduce government spendings.

Mr. Speaker, also in that same document entitled *On Target* and dated April 11, 1977, the following could be read, and I quote:

Were the federal government to exercise its sovereign right to create money (through the Bank of Canada and the chartered banks which are its agents), the interests or the expenses stemming from servicing the debt would disappear and there would be nothing left to pay other than minimal administrative expenses totalling up to probably less than 3 per cent. If the totality or at least a good part of the newly created money were circulated through consumer price subsidies aiming effectively at reducing wholesale prices for the consumer, the increase in the money supply or credit, far from causing any inflationary pressure, would have deflationary effects on consumer prices. This principle, even associated with financing through the budgetary deficit, served well the interests of Canada and other countries during the Second World War, and nowadays it is very usefully put to use by the Queensland state in Australia (the Petersen Plan).

Mr. Speaker, in view of this passage, could we not consider that this approach to the problems of debt and inflation deserve serious study and examination on the part of the Canadian government?

The article goes on to say:

Nevertheless, if inflation is now haunting governments, the spectre of unemployment is also becoming an obsession. All those who are at the controls in the government, the media, the business world or trade unions, warn us against the risks of disaster represented by growing unemployment. Paradoxically, people are now trying to obtain longer vacations, shorter work weeks and more time for recreation.

Indeed, Mr. Speaker, a few days ago I heard on the CBC news that the Minister of Employment and Immigration had gone to Toronto to suggest a four-day work week even if it meant that the Unemployment Insurance Commission would have to pay the workers involved for the fifth day which should normally have been a working day.

With your permission, Mr. Speaker, I would like to continue reading from the previously mentioned article:

We should make up our minds about what we expect from our industrial machine. More "work" (jobs) or increased production (goods and services). If what we really want is more work, more jobs, we should be logical and reject all modern commodities, tools for the garden and the farm, sophisticated machines which reduce manpower requirements in plants, and go back to the pick, shovel and wheelbarrow, the washboard as well as the means of production used before the industrial revolution. That is how we will achieve full employment and a lower standard of living.

If the seriousness of the economic and financial situation escapes anyone's attention, I would strongly urge them to consider the large number of young people between 15 and 25 years old who are now unemployed, while their parents, the workers, who are between 40 and 65, make our huge production system work and pay taxes in order to support all those young people. It would be time to change that system which is quite inadequate and to implement the measures the Social Credit has been advocating for so many years.

Indeed, Mr. Speaker, no wonder Canadian workers are increasingly demanding higher gross wages than those of their neighbours to the south. That is because their tax burden is much heavier. True, the government, of course, has the right to tax the workers' income, since it must indeed to find the money needed to finance its programs. A wide range of taxes are collected for that purpose, but the most significant in terms of money is, of course, personal income tax.

● (1652)

Indeed, Mr. Speaker, I would say that personal income tax has increased so much that for the average Canadian family it now represents a bigger expense than all others. Yet that income tax system is based on the principle that the proportion of income paid in the form of taxes increases with a person's income. That is commonly called the "ability to pay". You will agree with me that a poor head of family with a very low income needs all or nearly all his income to survive. In other words, to be more specific, he is practically unable to pay taxes and consequently should not be expected to pay any. On the other hand, it goes without saying that a person earning a higher income can, or is at least in a better position to pay part of it in the form of taxes. It seems to me that the higher a person's income the greater his ability to pay and the greater tax weight he should carry.

I remember, Mr. Speaker, when income tax systems based on the ability to pay were introduced, as I suggested earlier, in 1916, 61 years ago, they gave rise to very heated discussions. In any event, personal income tax now eats up nearly 20 per cent of the average Canadian family's income. Indeed, if one looks at the statistics one realizes the tax department's share is only 14 per cent. Let us not kid ourselves, Mr. Speaker, the gap comes from the fact that government now takes 43 per cent of the gross national product in Canada as compared with 35 per cent in the United States.

With respect to the deficit the federal government anticipates a deficit of \$7.2 billion for this year, maybe \$8 billion, and \$12 billion for next year.

Mr. Speaker, the anticipated deficit for this year will cost every Canadian taxpayer about \$60 more to make up, and do you think it will be made up? If you want to know right away, I will tell you. It will never be made up. Why? Our monetary system is wrong. Look at the national debt, and I will give you a few figures.

Indeed, in the seven seconds it takes to read this sentence the federal government went \$1,600 deeper into debt. In the last minute the national debt increased by \$13,700. It has gone