

Adjournment Debate

We need additional funds, after tax funds, in the hands of consumers in Canada. It is necessary that they be available to spur the economy and provide jobs for Canadians.

The Kemp-Roth proposals to which I made reference are based upon the suppleyside economic policy whereby it is accepted that it is more prudent to have a lower tax rate applied against a greater tax base than a higher tax rate applied against a smaller base.

A single, small tax bite from a large segment of the population which is employed, or businesses which produce more profit, is infinitely better for the economy than a large bite from an increasingly smaller group of taxpayers. Regrettably, that latter way is the direction in which this government is headed. High taxation policies are self-destructive. I urge the government to mend its ways before it is too late.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, at the time of the November 1978 budget, the finance minister released a study which made a comprehensive comparison of the tax systems of Canada and the United States. The conclusion of that study was that Canadian tax rates compared very favourably with American rates. The level of business taxation was less than that in the United States. This differential was particularly apparent in the vital manufacturing sectors of the economy. The differential arose principally because of the generosity of the capital cost allowance system, in Canada, and because of the lower level of statutory tax rates applied to taxable income. The level of personal taxes in the Canadian system was lower for most taxpayers, particularly for those at lower and middle-income levels. This gap has widened since 1978. This is a consequence of a number of factors. First, the Canadian tax system is indexed. This has resulted in a deduction of tax by almost 15 per cent between 1978 and 1980. On the other hand, the American tax system is not indexed. In the United States, there has also been a substantial increase in the level of social security taxes which are based on income, further increasing the gap. For example, U.S. social security tax will increase from \$1,000 to \$2,000 between 1977 and 1981 for a person earning \$30,000.

A recent study published by the Congressional budget office in the United States highlights the importance of indexing in reducing personal income taxes. The study shows that over the period for which indexing has been in place in Canada, an indexed tax system such as ours, with no discretionary changes, would have reduced United States taxes by \$17 billion in 1979, or almost 10 per cent, as compared to the actual taxes, including tax cuts, which were enacted. Thus the discretionary tax cuts which had occurred over that period in the United States fell far short of protecting American taxpayers from inflationary increases in taxes. This gap will continue to widen over the next few years so that the cuts currently being considered in the United States under the Kemp-Roth proposals may well fall short, in relative magnitude to those which occur automatically in Canada, as a consequence of the indexation of the personal income tax system. Thus there is no

need in Canada—and I emphasize that—for specific tax cuts in order to match those contemplated in the United States.

COMMUNICATIONS—LICENCE RENEWALS AND TRANSFERS—
PROVISION OF POLICY GUIDELINES

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, both of my questions in the House on January 21 dealt with government inaction on the development of a communications policy which will ensure private broadcasting support for the objectives of the Broadcasting Act, which, among other things, states that broadcasting should “safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada”. The Broadcasting Act also states that programming should be “of high standard, using predominantly Canadian creative and other resources”.

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The lack of movement in this direction is even more discouraging when one considers the fact that the government has had in its possession the original draft of what is called by some the Babe-Slayton report, entitled: “Competitive Procedures for Broadcasting—Renewal and Transfers”, since April, 1980 and the final draft since September, 1980. This report was commissioned by the Department of Communications. It condemns the efforts of both the CRTC and the Department of Communications, the department responsible for policy decisions in broadcasting, for their total lack of success in achieving significant increases in the availability of quality Canadian programming, or in meeting the general standards which are set out in the objectives of the Broadcasting Act.

Some conclusions in the report condemn the inadequate performance because of the present licensing system. This report blames the licensing and transfer systems for much of the problems in Canadian broadcasting. Let me quote from page 1 of the summary of the Babe-Slayton report as follows:

Canadian television broadcasting in the private sector is failing to achieve the goals set by Parliament in the Broadcasting Act, notwithstanding its extraordinarily high profitability.

As a matter of fact, profits of \$88 million in 1978 are called “extranormal” at another point in the report. The report indicates that private stations rarely put Canadian programs in prime time. Sports and game shows are scheduled in prime time in the private broadcasting system. These programs tend to be low cost, of low complexity and employ few people. This is not necessarily to blame the economic objective of the private broadcasters. It is a fact that foreign shows, notably American, in terms of dollar per broadcast hour, cost five times more than Canadian programs. Therefore, it makes economic sense to the private broadcaster to import rather than to create. That is a problem we face in the broadcasting industry in this country.

As everyone knows, when a private station makes an application for a licence, certain promises are made relating to the Broadcasting Act vis-à-vis Canadian programming, Canadian talent and so on. But once a private station has been granted a licence, there does not seem to be any policing to see