

"The Hidden Welfare System". What does it show? It shows that our present tax system allows the federal government to transfer billions of dollars through inequitable income tax deductions and exemptions. The report estimates that there are 17 subsidies such as education deductions and registered home ownership plans which cost the government \$6.4 billion in lost revenue in 1974, the bulk going to high income taxpayers.

The Council prepared a chart based on information from the Department of National Revenue which showed that the average benefit per taxpayer from the 17 subsidies in 1974 was about \$244 for those with incomes of less than \$5,000. But persons earning more than \$50,000 realized a tax saving of about \$4,000. Well, "to those who have shall be given", as I have heard hon. members say on other occasions.

The Council gives a number of illustrations of the way in which the system works. It points out, for example, that a person earning between \$5,000 and \$10,000 a year who places \$1,000 in a registered home ownership savings plan is entitled to a tax saving of \$264 a year, while a person earning between \$15,000 and \$20,000 saves \$365 under the same plan. The chairman of the committee which prepared the report, Mr. Douglas Barr of Toronto, says:

It makes sense that the wealthy should pay more than the poor. What people do not realize is that the system of subsidies is totally regressive and allows the rich who can take advantage of interest income deductions and RHOSP to pay proportionately less tax.

We have heard a great deal about the way in which this government and governments in general have been too hard on the business community. One would think that business in Canada is being driven to the wall. Well, a former Liberal cabinet minister, Eric Kierans, made a speech about a week ago to a very respectable organization, The Conference Board. Let me put on record some of the statements he made in the course of that speech which he entitled "Is the Mixed Enterprise System Dying?" Mr. Kierans stated:

With the exception of the United Kingdom, I doubt that any nation in the world has given its corporate 1000 a more handsome gift package of subsidies, tax allowances, two-year write-offs, deductibility of merger costs, cheap loans, export credits and insurance than our present Trudeau government.

Later he went on to say:

The goal of the corporation is profit, or at least 99½ per cent profit since a half cent of every profit dollar is given away for charitable purposes. One cannot say that the corporate sector has not achieved its purpose during the last five years.

● (2110)

May I point out that these are five years in which we have had a Liberal government headed by the present Prime Minister.

He went on to point out that profits increased 12.8 per cent in 1971, 23.3 per cent in 1972, 34.4 per cent in 1973, 27.2 per cent in 1974, before they levelled off with a slight decline of 2.9 per cent in 1975. In other words profits increased from \$7.7 billion in 1970 to \$17.8 billion in 1975, or 131 per cent. Yet unfriendly Ottawa, in the words of one outstanding Canadian chief executive, does not understand free enterprise.

Restraint of Government Expenditures

Despite the popular impression, corporate income tax rates declined during that five year period. In 1970 corporations paid an effective federal rate of 29.6 per cent on their \$7.7 billion of profits; in 1975 the effective federal rate was 26.6 per cent on profits of \$17.8 billion.

Then Mr. Kierans went on to give four examples of corporations—the Royal Bank, the CPR, the Noranda group, and Imperial Oil—which in the years from 1970 to 1975 increased the value of their assets by almost as much as in the 50 to 75 years of their existence prior thereto. It is no wonder that when we have that kind of tax system you get people so desperate, so disillusioned with Liberal governments both federal and provincial, that they vote for a party with whose basic principles they do not agree.

I want to talk for a few moments about another reason why the people of Quebec voted the way they did. Again let me say I regret that the people of Quebec felt it necessary or advisable to vote for a party which is separatist. I want to quote from the *The Canadian* magazine, June 7, 1975, issue carried in the *Winnipeg Tribune*. In an article entitled "The Real Losers", by Mary Kate Rowan, she writes about what life is like in the city of Montreal, in the province of Quebec, for which we were able to find over \$1 billion for a two week extravaganza. This is the kind of thing she puts on the record about the city of Montreal which Liberal governments, federal and provincial, have permitted and still permit:

In Canada it's estimated that 25 per cent of all children live in poverty. In the city of Montreal, the figure is 46 per cent, almost double the national average.

In Montreal, the same city that is spending \$320 million on the futuristic Olympic stadium, 15,000 dwelling units don't have hot water. In 10,625 homes people live without a bathtub or shower.

Then she writes that when the school council of the Island of Montreal had \$3.4 million to give to schools in low income areas, they decided to send out three researchers to find out exactly where the poor areas were. They found that in greater Montreal just under one quarter of the children under 15 could be classed as poor. In the actual city of Montreal the figure rises to 46 per cent.

According to the Montreal health department which did a survey at one low income parent, downtown public school, they found that half the children lived in a home that had either no bathtub or no hot water, or lacked both; that 21 per cent of the children were considered to be malnourished, and over 25 per cent were underweight or short for their age. And so on, Mr. Speaker.

Why do governments permit this, Mr. Speaker? Why do Liberal governments become involved in an Olympic spectacular rather than building housing for the poor? Why did the government get involved in constructing Mirabel airport rather than undertaking a school lunch program? They did so because they convinced themselves that what we need to do is to fight inflation, and they are fighting inflation on the backs of the poor, the poverty stricken and the unemployed.

The bill we are discussing legalizes the cutting off of job creation programs such as OFY, and cutbacks in programs such as LIP and LEAP. This is not the time to discuss some of