

Income Tax Act

individuals as well as the development of the Canadian family.

If the government wants to get the money needed to finance its own services and to provide the Canadian people with the services they are asking for, we must proceed with a thorough reform of our tax structure as well as of our monetary structure which has become a cancer within Canadian society. And once society has become basically "cancerous", one can hardly keep quiet and hide the truth from the whole population.

This is why I think that the proposed amendment should go through, in the best interest of the whole population, because it is of the kind that will ensure fairness to individuals, to small tradesmen and businessmen, who all have a place in society. In fact, they have to remain in existence in order to serve the community. But if their survival is to be ensured, we will have to cut their income tax, and thus give them a chance to expand and provide improved services in their neighbourhood. By so doing, they will allow Canadian society to advance.

This is why I support this amendment, and I hope it will carry.

[English]

The Chairman: Order, please. Before I recognize the hon. member for Winnipeg North Centre, perhaps I might be permitted to advise members of the proceedings on the adjournment motion tonight.

It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver-Kingsway (Mrs. MacInnis)—Criminal Code—Inquiry as to debate on abortion; the hon. member for Halifax-East Hants (Mr. McCleave)—Air Transport—national policy—possibility of Canadian Pacific Airlines becoming second trans-Canada carrier; the hon. member for Brant (Mr. Blackburn)—Labour conditions—Ste. Therese, Quebec—lay-off of employees by General Motors—government action.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I believe the effect of the amendment that is now before the House is quite clear to all hon. members. It proposes a tax cut. It proposes it in a way which perhaps is fairer than any tax cut which has ever been put before this House of Commons for a vote. Most tax cuts give more to those who have than to those who have not. This one would provide a decrease in the amount to be paid on the first \$500 of taxable income for every taxpayer in Canada. It would provide the same number of dollars for those in the lower income brackets that it provides for those at the top. Since there are more taxpayers at the lower end of the scale, that is where most of the dollars would go. I suggest this proposition is perhaps fairer than any this House has ever dealt with by way of an income tax reduction and I hope the committee will give this amendment its support.

• (5:00 p.m.)

Mr. Mahoney: Mr. Chairman, first of all I should like to congratulate the hon. member for Winnipeg North Centre on the modest manner in which he has endorsed his handiwork. I think we are all indeed impressed by the

[Mr. Lambert (Bellechasse).]

result of his labours. I could not help but be, having listened to his testimonial.

I should make a number of comments on the various items which have been raised to date during the debate on this particular block of sections. First, I should say I do not propose to rehash my side of the debate on the relative merits of tax credits as opposed to the exemption syndrome. This was discussed at length in the debate on section 109 which dealt with the exemptions. All that has been passed and this is now a matter which has been decided by the House because the House has passed the sections which set the new exemptions. However, I do wish to congratulate myself for not having risen in respect of the matter again raised by the New Democratic Party members, particularly the hon. member for Broadview, in respect of his security blanket which is fashioned from what he imagines Mr. Carter said. Again, I shall not reiterate at length the comments I made a few days ago in reminding the House what Mr. Carter said. Mr. Carter did not recommend a tax credit system. He recommended an exemption system such as we have, with tax credits in certain cases. Those who use Carter as an authority for the substitution of a tax credit system for the present exemption system are stretching their authority rather far.

I should also say to the hon. member for Broadview that I did not suggest that a tax credit system is too difficult. What I did suggest—and I agree with the comments of the hon. member for Winnipeg North Centre when he introduced his original proposal in that regard—was that there would have to be different tax credits for different family circumstances, and so on, it would not, in fact, be a simpler system than the one we have had up until now and the one we propose to continue under the new bill. I would suggest also that the exemption system can achieve the same result as a tax credit system and that it is equally flexible. Furthermore, of course, it does have the great advantage—since you can achieve everything under a tax exemption system that you can achieve under a tax credit system—of being familiar to the Canadian taxpayers. The important thing in either system is not that you have a tax credit or a provision which exempts a certain amount of income from taxation, but it is the rate schedule which applies to the income which is to be taxed.

Then, we had the comments of the members of the New Democratic Party on the question of top marginal rates. Again, I do not think the complete story can be told on that particular point without consciously considering the inclusion of the capital gains in the tax base. I think these are the facts. There is a feeling in Canada that, somehow or other, there is a great mass of wealthy taxpayers who are avoiding taxation and that if somehow we were to get them into the tax collector's net there would be a great reduction in tax at the lower level. In the 1971 issue of taxation statistics which apply to the 1969 taxation year, out 7,363,963 taxpayers in Canada 190 reported incomes of \$200,000 and more. A further 1,553 reported income of \$100,000 a year or more. Even if you confiscated all the income of those people over their basic exemption, you would not make any significant difference in the tax burden which the other Canadian taxpayers have to bear. The inclusion of the capital gains in the tax base will go a very long way in making sure that those people pay a