

Income Tax Act

cuts were announced by the government. The people received a 3 per cent tax cut amounting to \$125 million in 1971-72 and \$225 million effective in 1972-73. Again, the corporations had their taxes reduced, and this was referred to earlier by the hon. member for Edmonton West. There was a 7 per cent across the board tax cut for all corporations in this country amounting to \$160 million in 1971-72 and of \$175 million in 1972-73.

We find that in this budget there are further tax cuts for individuals and corporations. If you put the cumulative tax cuts in the six budgets together, you find that by October 1971 taxes had gone up for individuals by some \$1.3 billion while taxes for corporations were already \$147 million lower in 1971 than they were in 1968. You can see the continuing imbalance in taxes as between individuals and corporations.

Let me now come to the seventh budget of last May 8, and some of its proposals are before the House today in the bill we are now debating. It was brought in by the new Minister of Finance (Mr. Turner). For elderly people and students there were special exemptions, and these are being debated today. These special exemptions result in a \$50 million tax cut over a full year. Corporations fared much better with fast writeoffs, and a reduced income tax rate for processing and manufacturing businesses from 49 per cent to 40 per cent starting January 1, 1973.

In total, these changes represent \$500 million in corporation tax cuts for the first full year and \$700 million in the second year of application. If you put all these factors together, to the end of 1972, as announced in the May 8, 1972 budget, we find that as a result of the first seven budgets of the Trudeau government taxes were increased for individuals by \$1.5 billion since 1968 and that taxes for corporations went down by \$500 million between 1968 and 1972.

That was the situation as we commenced the election campaign last fall. Taxes for individuals have gone up by \$1.5 billion since this government was elected, and taxes for corporations have dropped by \$500 million since 1968. As a result of the October 30 election, this party was able to influence to some degree some decisions made by the Minister of Finance and the government. We find the budget he brought down in February differing fairly radically from previous budgets of this government.

We find, for example, that he continued the tax cut, increasing it to .5 per cent, although this was not an across the board tax cut, but contained an element of progressivity. There is a \$100 minimum exemption for taxpayers and a maximum of \$500. This is a much more progressive method of taxation, benefiting people on lower incomes more than the wealthy of this country. We also find an increase in the old age pensions. Again, the increase was not as great as we had hoped, but at least pensions went up to \$100 basic and \$170 for those receiving the supplement. We also have increases in the pensions of veterans of this country and we have tax changes favouring farmers. We have, too, an increase in exemptions for individuals of \$1,600 and \$3,000 for married couples. All these things are on the individual's side of the taxation scoreboard.

We also had a cut in the sales tax on certain items like children's clothing, footwear, cosmetics, toiletries, and so

on. We find that the equalization payments for the poor provinces have gone up as the cost of local school taxes were taken under consideration.

There is one clear exception in this budget in comparison to the first seven presented by the government sitting across the way. That exception is that there is not proposed in this budget additional handouts, gifts or tax cuts on the corporate side. I suggest this is the result of the influence our party was able to exert in this parliament. This is a direct result of the election of October 30 when the people of Canada said, in effect, they wanted a more equitable taxation system, that the average citizen was paying far too much in taxes today with the benefit going to extractive industries, with loopholes allowing the wealthy people to get off scot-free.

The parallel I have drawn proves that this government, over the years, with the support of the Conservative party, has been giving much too much to large corporations in this country and much too little to the individuals. This trend has begun to change and this party will be pushing as hard as it possibly can in the direction of giving the average citizen a real tax break. I should like to add, and this does not need repeating because we have said it so often, that our party remains firmly against any proposal introduced by a Liberal government, a Conservative government or anyone else, that will give the corporations a greater tax break or more benefits, and the members of this party will vote accordingly.

In the next four or five minutes available to me, I should like to suggest two or three things to the government in terms of reforming our tax system to make it even more equitable for the average citizen. First of all, I believe a system of tax credits should be used instead of a system of exemptions. I feel this is more progressive in that if we use tax credits the person at the lower end of the income scale would receive more benefit while the person at the upper end would not. I think that is the more progressive and natural way to move.

I also believe we should have a comprehensive income concept with all forms of income being subjected to income tax. I believe we should have a full capital gains tax that would attack all incomes in the same way, with exemptions in respect of family farms, homeowners and small business enterprises in the family which are so vital and necessary to keep the economy moving. If we do not have a more equitable tax system then we will continue to penalize the average citizen instead of helping him by giving him.

Let me give you one example of the way our present taxation system militates against the ordinary citizen. I have taken some statistics from the tax reforms of last year and compared the cases of three individuals. Each of these individuals is receiving an income of \$10,000, is single and does not have any dependents. The first makes \$10,000 in wages or salary. Perhaps he is a teacher or works in a factory. That \$10,000 income will be taxed at the rate of \$2,285. The second person is also single with no dependents, but making \$10,000 through capital gain by speculating on the stock market or perhaps by selling off some land at the edge of the city, or in some other manner. Capital gains are taxed at half the rate at which