

*Income Tax Act*

tion levels, so I will not waste my time or the time of the committee in moving such an amendment. Despite the many efforts to get around the difficulty, all such amendments have been ruled out of order. I am merely bringing this matter to the minister's attention and asking him to give serious consideration to the tax to be imposed on a person who is trying to put his children through school. Many people will make that effort even though they cannot afford it. They will do that rather than ask for a bursary or a student loan for the child.

In many cases the circumstances in which a student loan is given are very narrow and the situation is most unfair. When a student gets a government loan under the student loans program, no tax is attracted; however, if that narrow line is crossed and the student does not get a loan, then not only must the parent pay the penalty but he must pay tax in addition. This situation is most unfair and in many cases applies to the middle-income person who is trying to pay his way—not depend on the government, not draw sustenance from other people but who is trying to do the right thing. In doing so, not only does he get stuck with the cost but he pays income tax in addition which can run as high as 50 per cent. For these reasons I think the minister should give this matter serious consideration and see if some equity cannot be introduced into this situation.

[Translation]

**Mr. Fortin:** Mr. Chairman, due to the importance of clauses 109 and 110 of Bill C-259, I feel it is my duty to take part in this debate to put forward some arguments which may perhaps prompt the government members to review their position concerning those exemptions.

I would like to base my arguments on two particular points: The increase of poverty in Canada and the efficiency of means to control it. In conclusion, we will see that we are before a dilemma or a problem with two possible solutions, either true socialism or Social Credit.

First, I should like to make a brief summary.

This government proposes, in clauses 109 and 110, to increase personal tax exemptions to \$1500 for single taxpayers and to \$2850 for the married ones. This, according to the Minister of Finance (Mr. Benson), so as to give these people a greater hope for a just society. According to him, this would mean that these people would be more fairly treated by federal taxation.

Mr. Chairman, I shall not go through the scientific calculations of my colleagues, but it happens that this tax mess proposed by this government does not, in fact, amount to a difference of more than \$50 a year, which is finally a swindle and does not reduce poverty in Canada.

On the other hand, the Minister of Finance—the Minister of High Finance—has already stated that, starting from a certain date, 750,000 Canadians would be totally exempted from income tax. And he boasts about this as if it were good news. This does not make anybody happy in our party.

If 750,000 Canadians do not have to pay any income tax, it means that 750,000 Canadians do not have enough income to make them liable to the tax according to the government's rates. So, the government deserves no credit for removing some people from the tax rolls, because, even if it wanted to compel them to pay taxes, they would

[Mr. Aiken.]

no longer be able to do so because they have had to tighten their belts too much at the government's request.

It is now proposed to increase basic exemptions. This is the same argumentation, the same spirit, the same principle and the same administrative philosophy which would have us believe that this is a step forward.

Mr. Chairman, as my colleagues of the Social Credit party of Canada, I pretend that this is administrative hanky panky which settles nothing. Increasing the exemptions to \$1,500 or \$2,850 will not solve things any more than the elimination of income tax for 750,000 Canadians will solve their problems, allow them to take part in production and increase their purchasing power.

To be fully understood, these remarks must be placed in a general context; for example, we offer retraining courses to workers. It is an indirect and disguised way of providing them with social welfare allowances. Retraining courses have become for the federal government an indirect means to intrude in the area of social welfare which, in some provinces, is exclusively the latter's responsibility. In fact, 50 per cent, if not more, of those who benefited by the training programs sponsored by the federal government are people living below the poverty level.

Mr. Chairman, I will be told that exemption of these people from income tax might solve their problems. That is wrong, just as those training programs did not solve them. I will be told that increasing the amount of their basic exemptions will solve their problems; that also is not so.

● (9:40 p.m.)

And to support my assertions and make the hon. members opposite well aware that the proposals contained in Sections 109 and 110 will not be efficient, I would like to refer them to the 8th Annual Review of the Economic Council of Canada issued in September 1971, and more specifically to page 97, where the following can be found:

We are constantly striving to bring the policies of the Department within the reach of the underemployed and the working poor . . . Of 301,000 adults trained last year, some 50 per cent were below the poverty line.

That means, Mr. Chairman, that 50 per cent of the 301,000 adults in training receive an income below the poverty line, that is less than \$3,000. Will their removal from the income tax lists solve their problems, Mr. Chairman? Not at all, since they had no income on which to pay income tax anyway, because they were already being retrained or unemployed.

Therefore, Mr. Chairman, the problem is not solved. It might perhaps be said that that training will solve it, but let us ask ourselves the question. I will then refer my colleagues to page 116 of the same Annual Review, Table 6-3 entitled Pre- and Post-Training Annual Earnings Distributions, 1969, which deals with the program that is doing wonders, according to the federal government. This table indicates that of the 301,000 Canadians who took a course, and who cannot pay income tax because they are below the poverty level, 78.4 per cent in each class, before undergoing training, had an income of less than \$5,000, \$4,999, it says here. Before the course, 78.4 per cent had an income of less than \$5,000. Therefore, their margin over the poverty level is \$2,000 only. Moreover, the family must be small! After these so-called effective courses provided