

Income Tax

this country earn less than \$5,000 per year. That fact seems to have escaped the attention of a number of members in other parties. I presume they are not very familiar with the incomes of a number of people in their areas.

The Parliamentary Secretary to the Minister of Finance said the other day that in his opinion there was equality under the Income Tax Act and that there was no inequality developing in the general population. It seems to me that is not true, and should be obvious to almost everyone. It may not be obvious to a lot of members of parliament who do not get much time to talk to the general population, but it should be a fact readily discernible in the various municipalities and from the increasing number of people on welfare. It should be obvious from a consideration of income tax brackets and the number of people living on minimum wages below the poverty line. I do not expect the parliamentary secretary to realize this from his lofty position. Perhaps it is time that we had another look at the situation.

It was very interesting to me when I considered the number of clauses in this bill and then looked at the hidden welfare system referred to by the National Council on Welfare. Perhaps this organization is directed toward welfare. When you read the list, you see mentioned tenants' associations, poverty groups, and low income groups—so probably it is slanted in that direction. There are a number of inequities in the act, and every member of parliament knows it. I am sure that many members of parliament, just as private industry across this country, have hired tax experts to look for the tax loopholes in order to get the greatest tax benefit. That is highly commendable; but in many cases it is cheating. They know it, and everybody else knows it. It may not be cheating from the moral standpoint of some people, but from my own it is.

● (1630)

I, as a member of parliament, paid \$6,816 last year on a gross income of \$27,000, with a taxable income of \$21,000. It would not have been difficult for me to have reduced that figure by \$2,000 or \$3,000. I own farm property, and all I need to do is list the farm property and write off some of that money. I have never done so, because I consider it would be dishonest. I do not believe many members of the House feel that way, or we would look at some of the deductions we allow.

I am not thinking about the exotic tax havens used by some people. I am talking about the whole of the tax structure. I am talking about the loopholes in the general taxation laws which allow for great expenditure out of the tax dollar of those able to afford it. Seventeen of these examples out of approximately 60 subsidies to the wealthy produce approximately \$6.4 billion. The National Council of Welfare, referring to personal income tax, considers this to be the spending side of income tax. If the government does not raise this money by exemptions, then obviously they are spending the money. Because they have collected it, it must be available for the general population.

What would \$6.5 billion provide? I presume that if we had a sum as large as this to spend, we would be able to provide everyone in the country with an income above the poverty

level. That might be worth-while, because I find that poverty begets poverty. Those who are living below the poverty line are not able to raise themselves above that level. Family after family falls into this category. We have kept the native population in that category for years and years, and even with considerable government assistance it has been impossible for many of them to raise their standards to the point at which they can see an end to poverty. We hand them a few bucks, as we have done in connection with the James Bay project, and say this should satisfy them for a little while. It may satisfy one generation, but the money will go and they will not get out of the poverty syndrome; they will not get out of it until they have money to spend like other Canadians.

If we allow the rich to write off income tax, we are giving them a subsidy, we are making an expenditure of \$6.5 billion in their direction, and we are not making that kind of expenditure upon the poor to make sure they are no longer poor! That is the wish of the people I represent and I am sure it is the wish of the majority of people in every riding who have an opportunity to know what we are doing with our expenditure from income tax. In the United States the government must explain not only the expenditure they make but the expenditure they allow in deductions through the tax structure. Both items are presented and must be justified.

One of the insidious things about the deductions allowed for income tax is that many of them were considered to be expedencies on only one occasion and then they continued indefinitely in the tax structure, known only to tax experts and to those who are out to tell people how they could save considerable sums of money beyond the expense of such professional advice. We now have an opportunity to look at many of these taxes and to read the information which the Welfare Council has provided. That information is very damaging to the whole of the income tax structure and to the idea of a progressive income tax.

Everyone in this country believes in progressive taxation. I am sure the minister does. I am sure I do. The difference is, the minister knows we do not have a progressive tax structure, and I do not know this. I am still foolish enough to think that if we pay the rich by providing demogrants, we should get the money back. But that is not true. If we pay the old age pension to a millionaire who does not need it, we do not get the money back. There is no reason why we should not get that money back. As the former member for Témascalingue said in the House so many times, there is no reason we cannot pay, as a demogrant, a guaranteed annual income of a reasonable amount to everyone and take it back if it is not needed under the income tax structure. But we cannot do this because there are so many loopholes available to those in the higher brackets but not to those at the bottom level.

Let me give one example. We are going to allow the saving of some money to buy a house and then we say it is necessary, first of all, for people to save \$1,000. I do not know of many young people in this country who have never owned a house, who are making \$10,000, who are renting an apartment, paying for furniture, paying for their car, paying for a young