

Income Tax Act

sharply with regard to Bill C-186, but on the question of the policies adopted by the government through the Minister of Finance they are in complete agreement. I should like to quote one or two sentences from the Canadian Labour Congress brief presented to the government and dated February 13:

We question seriously the economic wisdom of imposing a deflationary tax increase, as the Minister of Finance did in his November 30th budget, at a time when the economy's forward momentum is obviously faltering. Furthermore, there is every likelihood that the recent tax increases will serve to aggravate, rather than to ameliorate, the already unsettling cost and price pressures on the economy.

There is no question that this is precisely what the minister's tax proposals have done. I do not know whether the minister set out deliberately to create a larger pool of unemployment when he proposed this tax increase in November, but that is exactly what has happened. The C.N.T.U. in its brief makes it very clear that since the minister introduced the tax increases there has been a very marked increase in the number of unemployed. Between November and December the number of unemployed in Canada increased by 64,000, or 22.1 per cent. This increase was 60 per cent higher than the average increase in the number of unemployed between November and December in the past five years. The result of this measure, together with the cut-backs in government programs, is that the total number of unemployed in Canada in December was equal to 4.6 per cent of the labour force. This is the highest figure for many years and compares with 3.6 per cent in December of 1966 and 3.5 per cent in December of 1965.

The increase in unemployment has been particularly marked in Quebec and the maritime provinces. While, as I mentioned, the number of unemployed jumped to 4.6 per cent of the labour force of Canada as a whole, it jumped to 5.9 per cent in Quebec. Quebec now has almost twice as many unemployed, percentagewise, as the province of Ontario. This is the effect of the tax increases proposed by the Minister of Finance. Who is asked to pay these tax increases? The wage earner and the salaried person. Together with the restrictive economic policies of the government, the cut-backs in programs and the increase in the cost of living, these increases have accentuated the difficult situation of people in the lower and middle income brackets.

As I say, Mr. Chairman, I am opposed to this surtax which the minister introduced last

November. It is interesting that in his discussion of "temporary" versus "permanent" the minister said in effect that it was impossible to specify the date to which this surtax would continue. The minister had no difficulty in setting out the date to which the refundable 5 per cent tax on corporations would continue. As a matter of fact, the corporations are already beginning to get their money back.

The minister put forward a very specious argument when he said that bringing forward by two months the date on which corporations pay their taxes meant a permanent increase in taxes. He did not say that our tax policy treats corporations in an entirely different way than it treats the individual taxpayer. Ordinary citizens working for wages or salaries are required to pay their income tax immediately. They pay income tax at each pay period. We in this country, as the Carter commission said so ably, have traditionally favoured the corporations and the wealthy people. We have permitted corporations to pay their taxes late. We have permitted them to keep for some months money they owe the government of Canada, during which time, of course, they have the use of that money. During that time they do not pay any interest to the government of Canada.

When the minister, because of temporary difficulties, advances the date for payment of taxes by corporations by two months he tries to tell the people of Canada that he is increasing the taxes imposed upon corporations. I do not often agree with the hon. member for Cariboo, who said this was like daylight saving, but I agree with him in this instance because if there was ever a phony, specious argument it was that argument advanced by the minister.

I am not prepared to vote for a surtax on income tax that hits the ordinary taxpayer and has a ceiling of \$600. I believe this is completely unfair. I think it shatters the whole idea of progressive taxation. The minister has denied again and again that he has rejected the recommendations of the Carter commission. The minister has again tried to suggest that some members of our group who have urged the implementation of the recommendations of the Carter commission are in fact recommending increases in taxes for the ordinary citizen.

The minister was the first to reject the suggestion of Mr. Carter that his proposals should be implemented in a package. The minister did so when he told the mining and