

want to work directly on profits because of the consequences such work would have on them?

● (1550)

For obvious reasons, the government has backed off dividends. It could not make dividend controls stick. Even if it could, it is not sure it wants to. As for rents, the government was to set up some rental review boards but this, again, will be an imperfect attack. As for professional incomes, the government itself acknowledges that there is no way to restrain professional incomes. Speaker after speaker from both sides of the House pointed out that controlling professional incomes is all but impossible. The argument about interest rates is that no one can control interest rates; they are part of an international phenomenon and we must live with them as best we can.

Therefore we come to the central part of the government's incomes policy, the restraint of wages alone. This has brought on, justifiably I think, much bitterness in this country, and not because Canadians generally, or those in the trade union movement, oppose an incomes policy. Probably, most in this country support an incomes policy. Most in this country feel that an incomes policy is necessary. The question is, will the incomes policy treat all forms of income alike, or will it take the short cut and control only salaries and wages? That is the thrust of the present policy.

The government argues—with merit, I think—that it is difficult to control all elements of society directly with an incomes policy. Probably they are right. As the government sees it, they can control directly with ceilings and guidelines, wages and salaries. If that is right, it is vital to make our income tax system more fair. Increments in profits, dividends, rents, professional income and interest income should be taxed away under the Income Tax Act; but that will not be done. This bill goes in the opposite direction. I leave aside the treatment of income over \$22,000 and other minor provisions affecting income at that level. Other provisions governing resource taxation, the 5 per cent investment tax credit, and the removal of the withholding tax on interest on long-term corporate bonds all make it easier for capital to work profitably. Actually, capital is treated better than some of the other elements of society.

What has been this country's tax policy? Let us go back a number of years. We will find that the thrust of our income tax policy has been to place the greater part of the tax burden on the middle income earner and a smaller part on the corporate sector. The corporate sector has been largely relieved of its responsibility to contribute to society. A succession of tax measures increased depreciation allowances and therefore improved the profit potential of the businesses concerned. This was done deliberately and consciously. Recently the government lowered the proportion of total taxes corporations must pay. This bill rescinds none of these measures. There is no gesture to restore corporate taxes to previous levels. Present levels are scarcely in harmony with legislation which seeks to be fair, which seeks to implement an incomes policy.

If the government expects confidence, and expects people to co-operate willingly on any policy of restraint, it will need to bring in a new budget which will cancel some

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of the measures I have mentioned. In addition, this bill ought to be withdrawn. It does not fit the times. If anything, it will exacerbate our present condition, not improve it. I suggest that the government should withdraw this bill and introduce a new budget which should contain measures which will make it possible for all Canadians to live with an incomes policy.

What should the new budget do? First, it should provide for a sharply progressive rate of income tax because, admittedly, incomes other than straight wages and salaries will escape the restraint program. We should introduce a sharply graduated income tax, or a surtax, with which to recover excess income and make it less desirable for certain people to push up their incomes. At present, many areas of the economy are not covered effectively by the restraint policy and the government cannot recapture a substantial proportion of additional incomes exceeding the guidelines which certain people are earning. The guy who works in the factory is not happy to see his wages controlled, particularly after he has tried to catch up for three years in which corporate profits have soared. He will not be content to see his wages restrained while people better able to pay taxes escape paying their fair share. If you are to make any incomes policy work, you must make the tax system more progressive. In addition, the new budget should provide for tax credits for those unable to pay taxes.

The government argues that we need the restraint program in order to help those whose bargaining position is weak. Well, let us help them—not with talk, not with rhetoric, but with concrete action. Let us give the poor tax credits and so improve their bargaining power. The poor should be compensated for their lack of bargaining power. A properly structured tax system, that is, a sharply graduated tax system, will tax more heavily those with high incomes and give tax credits to those whose incomes are low. Further, the budget should restore the balance between what the corporate sector pays and what individuals pay by way of income tax. This restoration is long overdue and is necessary if the government wants to retain credibility. If the restraint program is to be credible, surely the government must collect more taxes from corporations. But it is not doing this. If anything, the thrust of government policy has relieved the corporations of their obligation to pay their fair share.

Obviously, some people will say I am advocating socialism. They will say, "You want to take from the rich and give to the poor. That is nothing less than income redistribution." I admit that that is part of socialist policy. Of course, socialism is more than that. But my suggested program is a necessary concomitant to any incomes policy because the minute you bring in an incomes policy you move in the socialist direction. The minute the government says, "No longer will we let the free market decide how much any individual or group is to get", it denies the validity of the so-called free enterprise system and says that it is not working, is not functioning properly, is not fair and the public must intervene in the setting of incomes.

On what rationale can you intervene in the setting of incomes? How are you to do it? How are you to decide how much "A" is to get and how much "B" is to get? It is