

Income Tax Law Amendment Act, 1971

which this bill covers \$75 million; for the 3 per cent individual reduction it will be \$125 million, of which this bill covers \$80 million, and for the training on the job program, \$20 million. For the 1972-73 year it is estimated that the corporate reduction will amount to \$175 million; the 3 per cent individual reduction will amount to \$225 million, and we have no estimate of the exact cost that will be incurred as a result of the enactment of the training on the job program. The costs of the tax reductions covered in this bill are less than those that were quoted on October 14, 1971, since this bill implements the 7 per cent corporate reduction and the 3 per cent individual reduction for 1971 only. Hon. members will appreciate that the 1972 reductions will be incorporated in a later bill which, presumably, will amend our old friend Bill C-259, when that becomes law.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, getting back to one of these income tax debates is like Alice falling down the rabbit hole a second time and discovering all the strange and interesting characters of Wonderland all over again. I will try to cope with this bill as best I can, although I see that the wonderful, wild and woolly characters which have helped the corporations in the past have been at it again in section 5 of this particular measure. Here we have definitions, and definitions within definitions. This is a very attractive area for someone who is interested in semantics. Perhaps we can get down to the fiscal message.

The parliamentary secretary has obviously followed the example of his boss and has become budget happy. His boss has given us three budgets within the year and the parliamentary secretary has brought before us a mini-budget. We also have heard the announcement that this legislation will not apply to 1972 or 1973, something I suspected after looking at the provisions of Bill C-259. It has no saw-off point. It is only concerned with the 1971 taxation year. Obviously, further measures are necessary.

• (4:40 p.m.)

In a technical sense, I should point out to the parliamentary secretary that the notice of ways and means is an offensive motion in the sense that it covers much more than is contained in the measure we are now considering; not less, but more. The first paragraph, paragraph (1), of the December 17 issue of *Votes and Proceedings* refers to the 1972 and 1973 taxation years. I raise that point as a purist and do not found any substantial objections on it. It is an example of what can happen when legislative purity is cast aside when dealing with income tax legislation.

The parliamentary secretary indicated certain moneys would be pumped back into the economy as a result of the reductions set forth in this particular measure so that the research staffs will have something to do over whatever little holiday we allow ourselves. The research staff of the official opposition has calculated that the savings from these taxes will be in the order of \$125 million on personal income taxes, substantially higher than the parliamentary secretary indicated, and \$160 million on corporation taxes for a total of \$285 million. This is in advance of the figures quoted by the parliamentary secretary. That is merely an indication of the magnitude of the savings, as determined by our own people.

[Mr. Mahoney.]

If the government wanted to pump more money into the economy as a means of overcoming the economic problems being experienced in Canada, it might have paid more heed to one particular area where money available to consumers is used, that is a reduction in the sales and excises taxes. Instead of simply making cuts for the year from personal and corporational income taxes, more would have been achieved if sales and excise taxes could have been reduced. The consumer, particularly the person with a low income, is going to be spending all his money anyway. He is pledged right to the hilt. There is little ability to save when your income is moderate. As was pointed out in the discussion of Bill C-259, that group is always overtaxed. I will not go into that argument again, but in that debate I made the point that the burden of taxation was apt to be in the proportion of 53 to 37, depending on whether you were in the very low or high income bracket. The very poor Canadian shoulders a tax burden in relation to his means of about 50 per cent more than the person in the category of those of us who sit in Parliament.

Some stimulation to the economy might have occurred if the minister had listened to a message we have given over and over again, that is to do something about the tax on building materials.

In dealing with burdens that fall in various areas of the economy, it should be noted that for 1971, of the total income raised by government, personal income tax accounted for 37 per cent or three cents out of every eight raised for the operation of the federal government and corporation income tax bore approximately 17 per cent of the tax burden this year. If the minister was going to go the route of income tax reductions, it might have been wiser to give slightly more in the personal income tax field. I give the parliamentary secretary notice of a technical question I will be raising later. I presume this act will automatically terminate because it only comes into effect for the 1971 taxation-year which is almost over. Perhaps we could have a technical explanation of that so there will not be any difficulties among those who read these acts and wonder what we are doing here.

On behalf of my colleagues and myself, I welcome the provisions relating to the manpower training program set forth in wonderful definitions and subdefinitions in paragraph 5. I pity the poor devil who drafted this bill. It is a complicated task to deal with the taxation law in a very complicated era. While I might chuckle at the drafting of this bill, I think this is important and accordingly welcome.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, there is nothing like a tax measure to reveal the true nature of a political party. The one before us is a wonderful revelation of the true soul of Canada's Liberal party. That party likes to proclaim that all Canadians are the same. They say there are not rich Canadians, nor average Canadians, nor poor Canadians. We are all really the same. That party says it is interested in employees, but invariably acts in the interest of capital.

As the parliamentary secretary stated, the tax bill we are now considering was first announced by the Minister of Finance (Mr. Benson) in October. I remind hon. members that this proposal was intended to provide stimula-