

The Budget—Mr. Nystrom

provide incentives to the lower and middle income people, to give to people at the bottom of the scale the proper type of income so that they can purchase goods and provide food, clothing and shelter for their families. I believe that the government is not taking that approach in this budget. I will go over a few things that are in the budget that our party considers to be gimmicks and to be regressive.

First of all, there is the registered home ownership savings plan from the budget of last May. It is a \$1,000 annual tax write off for people who can afford to put \$1,000 into a savings plan on an annual basis for the purchase of a home, or to purchase furniture with which to furnish that home. It is obvious that any statistician or economist will tell us that people who take full advantage of that will be the wealthier people in our society, and not the low income people about whom we should be concerned.

Second, there is an exemption for the first \$1,000 of interest income, that was also in the budget last May. This has been extended to include dividend income, or a combination of dividends and interest. Who will take advantage of that provision to its fullest extent? Once again it will be people who have substantial investment portfolios, not the little old lady in Toronto, the workman in Winnipeg, or the farmer in the maritimes. This, too, is a regressive step. Funds that are spent on these types of programs would be better spent on programs of tax credits for all Canadians, starting at the bottom level and stimulating the economy where I believe it should be stimulated.

Third, there is the provision for exempting the first \$1,000 of pension income other than universal pensions paid for by the government. In some cases we are helping some people who, I believe, have not received a fair deal. But again it is only fair to point out that in the work force today only 30 per cent of the people who are working contribute to private pension plans.

Finally, there is a new provision to exempt from income tax funds used to build apartment blocks or apartment units. Who in my riding, or in any riding, will be investing money in apartment blocks? Again it will not be the ordinary citizen. It will be the doctor, the speculator, the lawyer or the dentist—those who have money to invest in apartment blocks—not the ordinary citizen.

This is the type of direction in which we are going in the budget. There might be more money going into apartment blocks, but who else will write it off in income tax but the wealthy people of this country? So what do you have for the average citizen?

There is the continuation of the 5 per cent tax cut from 1973, with a minimum \$100 cut and a maximum \$500 ceiling, and an additional \$50 cut for 1974. That is the only thing there is in the entire budget for the low income person. Second, there is an additional \$50 in 1975 which will raise the minimum tax cut to \$200. The rate will go up from 5 per cent to 8 per cent, and the ceiling will also go up from \$500 to \$750.

Again this is a regressive step. When you lift the ceiling to \$750 here you look at families that have incomes in the \$30,000, \$40,000 and above category, rather than the average low and middle income salary in this country. Almost

[Mr. Nystrom.]

all measures in this budget are regressive and will not help the ordinary person.

I want to illustrate what I mean by taking three typical Canadian families and trying to figure out what kind of tax saving they would have as a result of the budget. The families will consist of a man, his wife and two children under the age of 16, in all three cases in three different income brackets.

First there is Bob, a maintenance worker in Winnipeg. He has a salary of \$8,000 to support himself, his wife and two children. He has no tax savings at all through various gimmicks such as the registered home ownership savings plan, and the other plans and gimmicks brought down in the budget. The only saving he will have will be the basic \$50 tax cut provided by the minister in 1974. In 1975, on a salary of \$8,000, he will save another \$50, for a tax cut of some \$100.

Now we come to the second Canadian, Richard, who might be a sales representative in the city of Halifax or Toronto. Again he has a wife and two children and lives on an income of \$14,000, an average middle income person in Canada. He is probably living in an apartment, and with the cost of living as it is today he cannot afford to buy a house. Therefore he cannot save anything under the registered home ownership savings plan. He probably has savings. Let us say he receives \$100 a year in interest or dividends on his savings. In 1974 he will save \$133, and in 1975 \$183 under the budget that was brought down on Monday.

Now we come to the man in whom the Minister of Finance is interested. He is a wealthy Canadian, whom we will call John. He is an executive living in Toronto, a management consultant, and is earning \$40,000 a year. John has been very lucky. He has an investment portfolio, and he gets about \$2,000 in interest and dividends that he can write off in part because of the budget. John might decide to move out of his swanky apartment and buy a swanky house, so he can take advantage of the registered home ownership savings plan. In the taxation year 1974, because of Monday's budget, John will be saving \$1,120 because he has a high income.

As if that were not all, John also heard on Monday night that he can now invest money in apartment blocks and apartment units. So he has a meeting with his investment club and they decide that, for the taxation year 1974-75, they should take advantage of the capital cost allowance provisions and invest in an apartment block. He invests a lot of money in it, and he has an additional tax exemption of \$4,242, which he can calculate in his taxation. The other provision that takes effect in 1975 is the 8 per cent tax reduction ceiling. It goes up from \$500 to \$750. In 1975 the tax saving for John will be \$4,492. That is more than the gross income of many people in my riding, and indeed of people in all parts of this country. While the ordinary worker will save \$50 or \$100, the wealthy person can save \$4,000, \$5,000 or \$6,000 quite easily.

Then what happens when it comes to the pensioner? I do not think we need to say that there is nothing in the budget for pensioners, no increase in the basic amount, and none of those incentives that the Minister of Finance bandies about in the House. All the measures before us will widen the gap between the wealthy and the have nots