

Income Tax Act

—nearly 2 million children who live in families with incomes inadequate for their needs and for the 600,000 working families who spend two thirds or more of their incomes to provide the basic necessities of food, clothing and shelter.

To demonstrate the truth of my claim, later in her speech she went on to say:

In 1977, the poorest 20 per cent of Canadian families received less than 6 per cent of total Canadian family income while the richest 20 per cent of Canadian families received 40 per cent of all the income. These figures are, unfortunately, very stable. The share of income going to our poor families has scarcely changed since the end of the second world war.

Obviously, Mr. Speaker, the Minister of National Health and Welfare agrees with Professor Gillespie, that our tax policies and our social programs have not helped the poor improve their lot.

Just how effective have our tax policies been? Again, let us look at the speech of the Minister of National Health and Welfare, where she said:

The average taxpayer in the \$5—10,000 category benefited from various special personal income tax exemptions in 1976 to the tune of about \$237 per year. The average taxpayer in the over \$50,000 category benefited to the tune of \$5,592. And of course if you were too poor to pay taxes you would not have benefited at all. That may well be good fiscal policy and in some respects it is good social policy too—but still, it does seem odd that those who need the benefits most are least likely to get them.

I do not think it is odd, I think it is criminal.

Now, Mr. Speaker, what about all the special provisions of our tax system, the exemptions from payment of income tax on the first \$1,000 of income received from investments and savings, the RRSP plan, the RRIP plan, all of which will long live to destroy the Carter commission principles? They are still with us. What we have is an income tax system which bites pretty hard on those who derive their income from salaries or wages, particularly those at the lower levels. Somehow, it lets many who derive their incomes from sources other than salaries or wages, such as from the ownership of stocks, bonds, real estate, investments in oil, natural gas, etc., get off pretty lightly.

I used an illustration several days ago from a Revenue Canada publication called "Taxation Statistics, 1977 Edition" which said that in 1975, the most recent year for which figures are available, there were 226 persons earning \$50,000 to \$100,000 who paid no tax; 58 persons earning \$100,000 to \$200,000 who paid no tax, and 21 persons earning \$200,000 and over who paid no tax. I suggest to the minister that this is the kind of problem he ought to direct his attention to, the kind of problem he ought to take in hand so that Canadians will get an income tax system that treats all people fairly and tax those who have the larger incomes proportionate to their income, rather than the reverse, as it is now.

Our tax laws are either deliberately designed or so carelessly designed that we do not know what happens. We do not know who the people are with the high incomes. We do not know who the people are who do not pay taxes because they find legal ways to avoid paying. We do not know which corporations are able to avoid payment of taxes, or at least pay very low taxes. Canada is one of the few countries that does not

have provision in its tax or other laws to guarantee that such information is made available.

• (1552)

I would suggest to the minister that he examine the system in the United States where free enterprise is alive and well, despite the fact that for over 40 years their laws have required the public reporting of information about individual incomes and corporation profits. I suggest that the Minister of Finance and the Minister of National Revenue examine the Securities and Exchange Act in the United States, particularly the section which requires that corporations which sell shares must disclose and publicize information concerning the remuneration of directors and officers of those corporations. Those corporations whose shares are to be traded must file an application with the Securities and Exchange Commission which, according to the act, must contain such information as the rules and regulations of the commission require. This may cover information pertaining to directors, officers, underwriters; their remuneration and material contracts with the corporations; bonus and profit-sharing arrangements, and options existing or to be created in respect of their securities.

The May 15, 1978, issue of *Business Week*, which is read mainly by businessmen in the United States, carried an article which listed the 20 highest paid U.S. executives last year. Amongst them were Archie R. McCardell, president of International Harvester, whose income was \$1.496 million; James E. Lee of Gulf Oil, \$1.099 million; Henry Ford II, chairman of Ford Motor Company, \$992,000. It is ironic and sad that when some people wanted to find out what the earnings of the president of CPR were, the information was only available because CPR shares were trading in the United States and it was required to make that information public in the United States. In that way we learned that the president of CPR earned in excess of \$300,000 in the last year for which he reported.

We all know that Canadian corporations in this country have benefited by deferred corporation taxes to the extent of almost \$10 billion, which means, in effect, that they have been given interest-free loans to \$10 billion. I wonder how many Canadian citizens who want to buy a house or a car, or want to remodel their home, would like the opportunity to get an interest-free loan from the government? There is no such thing for them. We cannot afford to give interest-free loans to the ordinary citizen, but we can afford to give \$10 billion worth of interest-free loans to Canadian corporations. Because of the secrecy imposed by our tax laws we do not know which corporations have benefited from these deferred taxes or how much any of them received.

In the United States the people at least know how many and which of their major corporations did not pay federal taxes despite the fact that they made substantial profits. Many of those which had some taxes only paid at a rate of 10 per cent or less. In the United States they know that in 1975 the Ford Motor Company had profits of \$148 million and paid no federal tax at all; they know that Bethlehem Steel had profits