

Income Tax

incomes below \$24,000 there is no tax saving. However, there are tax savings for the 25 per cent of the population who earn net taxable income in excess of \$25,000.

So the tax cut which was touted by the Minister of Finance in November, 1981 is effectively a tax cut only for the top 25 per cent of the income earners in this country. I think that indicates the Government is continuing to pursue its policy of increasing taxes on middle and lower income people and lowering taxes for the upper income people and larger corporations. I think we only have to look back at the record to see that in 1960 income tax in Canada rose from 59 per cent to 69 per cent in 1980. The share of income tax that corporations paid fell in the same period from 42 per cent to 31 per cent. The force of the tax law is falling more heavily on the 75 per cent of our population that has a net taxable income of less than \$24,000. I think we should all object to this in the hope that the Government will react in the next budget to provide a tax break for those people.

• (1650)

Hon. Don Mazankowski (Vegreville): Mr. Speaker, Bill C-139 represents the final misguided attempt to incorporate the provisions of the November, 1981 budget. Thrown in with them is a grab bag of provisions emanating from the June and October budgets as well. I do not think there is any question that the November, 1981 budget was the most anti-investment, anti-business, anti-growth, anti-farm, anti-individual and, indeed, anti-confidence budget that the country has seen in 50 years. It generated a tremendous amount of opposition. Something in the order of 45 changes have been adopted since it was brought in, and we see the remnants of that budget being incorporated now in Bill C-139. It makes one wonder why, in the face of widespread opposition from all sectors of Canadian society, the Government would embark upon the implementation of such an ill-conceived measure.

The November 1981 budget was a disaster, not only in terms of its contents but because of the fact that it broke the bond of co-operation by the governments' unilateral action, without the customary consultation. It was obviously written by bureaucrats who had not considered how its implementation would affect the average taxpayer and businessman. For one thing, it incorporated retroactivity. The immediate effect of the changes was a great deal of uncertainty, and they further contributed to destroying the climate of confidence in the country. I do not think any of us can recall a time when major tax reform was implemented in a similar manner.

The Minister of Finance (Mr. Lalonde) indicated that the changes are positive steps in the right direction and that it is only common sense to incorporate a better system. We welcome the changes that have been made but I wonder about my friends opposite who voted en masse for the 1981 budget. They should hang their heads in shame, Mr. Speaker. The former Minister of Finance has been totally repudiated by the present Minister, and he should have the decency and the integrity to resign. All Hon. Members opposite voted for the budget knowing very well of its negative implications for the Canadian

economy. They should consider whether they put the interests of their country ahead of the interests of the political survival of the Minister or of the Government. They should hang their heads in shame about that too. It is nonsense for them to talk about a stable tax environment now when they have already contributed to the uncertainty and instability that face us.

I should like to read some very quotable quotes from remarks made earlier by the Minister of State for Economic Development (Mr. Johnston) when he held another portfolio. On November 16, 1981, as reported at p. 12787 in *Hansard*, he said:

The budget that was tabled by my colleague the Minister of Finance on November 12, is a very important step in that process of tax reform, a step which I hope will be pursued in successive budgets.

He went on to say:

—this budget—will contribute to productivity, economic growth, job creation and reduced inflation.

That is what he said the budget would do. The country, the business community, Members of this House, upon notice, realized that such was not the case, and the Minister had to withdraw the guts of his remarks. He went on to say, as reported at p. 12790 in *Hansard*:

My colleagues and I congratulate the Minister of Finance for responding so directly to the plight of those Canadians who are suffering from high interest rates, for the thrust of restraint and deficit reduction and for the very creative steps toward long overdue tax reform.

On December 18, 1981, the then Minister of Finance, speaking of the budget, as reported as p. 14236 of *Hansard*, said the following:

—is a strategy for creating permanent jobs and growth, not just for this month and next month, but for next year and the years after that. I am convinced that is the right strategy and the one we must continue to follow.

What a laugh, Mr. Speaker! What nonsense! What hypocrisy! My goodness gracious, imagine a Minister of the Crown making that kind of proclamation when today we are faced with an unemployment rate in excess of 13 per cent, which means probably 2 million people unemployed. That is the situation in the country—it is lacking in confidence, lacking in growth. There is sheer despair and anxiety out there.

Previous speakers spoke about the contents of Bill C-139, saying that it is one of the most complex Bills ever introduced in the House. That is so; it is probably the most complex since the reform measures that were introduced in 1971. Speaker after speaker alluded to the fact that what we need is not another 300-page tax Bill, but a simplification of the current tax system to make it more readily understood by the people who foot the bill.

There is universal condemnation in the House and throughout the country about the need for tax reform directed toward simplification, not the kind of document that is before us and which is going to add to the complexity of the Income Tax Act.

In its submission to the Standing Committee on December 14, 1982, the Canadian Chamber of Commerce stated as follows: