

Income Tax Act

Carter commission report in 1961 which said that we had a very unfair tax system which should be reformed or amended. We then had the white paper on taxation which was brought before this House. The Conservative party, and members from Calgary and Edmonton in particular, regarded that as the great "red manifesto". They said that it was much too radical, much too progressive a document. As a result, we had the tax reform bill which retreated considerably from the white paper proposals which were put before this parliament.

At any rate, I feel that we need a taxation system in this country that gives the average person a much greater tax break than he gets and which taxes the wealthier people more, one that plugs some of the loopholes and taxes in a much more fair manner extractive industries. This has just not happened in the last few years under either Liberal or Conservative governments, as an examination of the last few budgets reveals. I want to examine the last seven or eight budgets that have been presented by this government since 1968 and show how they have favoured the corporate sector in an ever-increasing way and have heaped more and more taxes on individuals. I have prepared what might be called a sort of scoreboard so as to compare the benefits reaped by the corporations to the detriment of the average taxpayer.

The first budget was brought down by this government in October, 1968. The then Minister of Finance, Mr. Benson, made some very interesting announcements. For example, he applied a new social development tax, as he called it, against the people which was expected to increase government revenue by \$55 million in the 1968-69 fiscal year and by a further \$440 million in the 1969-70 fiscal year. The total increase in taxes for people in that budget was some \$495 million. The social development tax, as we all know, was continued in 1970 and 1971, so about \$1 billion more could be added to the total taxes paid by people in this scorebook that I have prepared.

In the same budget, on the corporate side, Mr. Benson applied new taxes on life insurance companies and changed reserve requirements for certain financial institutions. According to my calculations, it was forecast that these two measures would result in a total of \$130 million additional revenue obtained from corporations in that year. The then minister also announced that corporations would have to pay their tax a little sooner, on a month by month basis the same as ordinary people. He estimated that this would mean an additional \$275 million in federal revenue received from corporations in 1969 and 1970. However, this was not really a tax increase; it simply meant corporations could no longer defer their tax payments for as long as they had previously.

There were a few other small changes in 1968, but all had minimal effect. If you look at the scoreboard for 1968, you find that taxes for individuals—and this is important—went up by \$1,495 million. In other words, there was an increase in taxes to the tune of \$1.5 billion in the first Benson-Trudeau budget 1968. On the other hand, taxes paid by corporations went up by only \$130 million. That gives a comparison of the priorities set by the government that was supposed to be a reforming government, one that would bring a new look to Canadian society in 1968.

[Mr. Nystrom.]

Budget No. 2 was presented by the same government in June 1969, and again the former minister, Mr. Benson, decided that tax increases were to be the order of the day. He extended the 3 per cent personal and corporate surtaxes applied in the previous budget for another year. This meant increased taxes paid by individuals to the federal government of about \$107 million; for corporations it meant \$48 million in added taxes. Some capital cost allowances for new buildings in selected areas were deferred, but the amount involved was relatively small. Taking budgets Nos. 1 and 2 together, we find that the cumulative figures for taxes paid by people went up by \$1.6 billion and for corporations by only \$178 million.

The third budget brought in by the Liberal government was in March, 1970. In that budget there were not any major tax changes, either on the personal side or on the corporate side.

Budget No. 4 was presented by the government in December of 1970. The minister of finance decided once again to extend the 3 per cent surtax on individuals and corporations until the end of 1971. The estimated revenue increase received from individuals was \$170 million and from corporations \$75 million. But the corporate side also received an off-setting tax cut of \$25 million through more favourable capital cost allowances for manufacturing and processing. So the net increase in corporate tax was reduced to \$50 million, whereas individual tax increases amounted to \$170 million. A look at the cumulative figures of tax in the first four budgets of the administration which commenced in 1968 reveals that taxes for people increased by \$1.7 billion or \$1.8 billion and for corporations by \$228 million.

I now come to the fifth budget of the Trudeau-Benson era which was presented in June 1971. I might add that that was the month that a democratic socialist government was re-elected in Saskatchewan, my home province. The economy was in an extremely depressed state at that time, as we all remember, and at last the Minister of Finance began to acknowledge that fact, so the federal government decided it was time to cut taxes. For people, Mr. Benson reversed his earlier decision to apply the 3 per cent surtax to the whole of 1971 and abolished it effective July 1. This reduced personal income tax revenue by some \$90 million. In addition, some new exemptions were permitted, which further reduced revenues from individuals by \$45 million. But on the other side of the ledger, we find that corporation income taxes were also cut in that year, saving corporations about \$40 million. I may add that corporate income tax cuts in 1971 were supported in this House by members of the Conservative party.

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In addition, the so-called tax reform package was introduced in June of that year but did not take effect until the end of 1971. If you take the cumulative figures in respect of the first five budgets brought in you find that taxes have gone up for individuals by \$1.6 billion and for corporations by \$188 million since 1968. The same pattern was developed right through the first five budgets presented by this government since 1968.

At the time budget No. 6 was presented in October, 1971 the economic situation had not improved, and more tax