

Income Tax Act

cut in federal sales tax. I might add that this tax cut should be made in areas of the economy such as the sales tax on building materials and production machinery.

In addition to cutting taxes, the federal government should curb the growth of money supply to a rate consistent with stable economic growth and low inflation, instead of saying on one day it has to be reduced and interest rates increased, then turning around the next day and putting out a vast increase in the money supply without any real thought of what this sudden injection of money would do to the economy. If this new money supply had gone to the consuming public, the result would have been far different. The injection of extra money into the economy through incentives to industry, such as we have now, really does not relieve the case of the unemployed.

While I am sure there are many Canadians in the low-income bracket who are grateful that the exemption for tax has been raised from \$1,000 to \$1,500 for a single person and from \$2,000 to \$2,850 for a married couple, the fact remains that the benefits to be gained in this way do not really help the average wage earner.

Another aspect of the economy about which I am very concerned—I just mention this in closing—involves the area of people who do not earn enough to pay taxes. Many of these are not the unemployed or the people on welfare or unemployment insurance; they are the working poor. Every one of us in this House knows that in our constituencies we have people earning \$60, \$70, \$80, \$90 or even \$100 a week with take-home pay of something less than \$400 or even \$300 a month. They are working regularly but cannot maintain a standard of living compatible with that which this country is able to provide, simply because their pay cheques cannot go around. This budget does nothing for the working poor. The Senate Committee on Poverty brought out the fact that there were nearly five million people in this category in Canada, and nothing is being done for them.

In light of the budget with which we are dealing, it seems the amendment to hoist the bill becomes all the more legitimate simply because the budget does not do what it states it is going to do. It really does not do anything to alleviate poverty where it is most crucial at present. Certainly it does not do anything to control inflation, stimulate the economy or bring about the increase in jobs which we so desperately need.

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I congratulate hon. members who spoke earlier in this debate; I thought they brought out many useful points. After all, we are trying to arrive at a consensus of what is best for the Canadian people.

• (8:50 p.m.)

The drafting of this bill was particularly complex and complicated, far more so than it should have been. This tax reform bill that the Minister of Finance (Mr. Benson) brought to the House last June is a far cry from the regressive, destructive white paper proposals of a year and a half ago. Most people at least had time to get a long breath after hearing the final proposals in June. However, during those 18 months of uncertainty the economy rode under a cloud of fear, suspicion and uncertainty of what

[Mr. Thompson.]

might be the ultimate outcome of the finance minister's tax reform. It not only frightened people but discouraged corporate and individual effort. At that time the Minister of Finance stated that it was a fight between ordinary Canadians and big business. Thank goodness some of these measures were changed, for instead of having four million people below the poverty level we would now have ten million.

The Minister of Finance pictured himself as the great reformer, instead of the great destroyer. He stated that he felt this bill was so good that he wanted to display it to all at large to see, to study and to admire. We are mighty fortunate that they did see it. That is one good thing—they had a chance to look at it. The people across this country were stunned when the first proposals for tax reform were brought out. They reacted slowly as the meaning of these various proposals sank in. At first they just could not believe it.

When the people did react, they did so very definitely. Letter by letter poured in, and so many were there and so great was the objection that a special staff of accountants had to be hired to handle them. Special writers on taxation for the newspapers wrote about the destructive influence that would be experienced if the budget proposals were brought into being. Deputation after deputation made their views known. They made known the disaster that would follow if the white paper proposals were ever adopted. The House of Commons Finance Committee pointed out the errors in it; the Senate Finance Committee ditched it almost in its entirety.

Eternal optimist that he is—perhaps it is good to be optimistic sometimes—the Minister of Finance finally did see the hole in the doughnut. Napoleon's retreat from Moscow was nothing compared with the minister's retreat from the white paper on tax reform. On June 18 the minister made his famous retreat. When he was through, you could scarcely recognize the white paper which had been introduced with such fanfare just 18 months previously. It is a victory indeed for the people, it is a defeat for the government by the ordinary taxpayers of Canada, and it must have been a humbling experience for the minister and the government. It was a triumph for democracy.

It does indicate, perhaps, in our present way of thinking and in our careless or monopolistic way of doing things, that perhaps all major legislation should be given a waiting period to test public reaction. Members of the Official Opposition also deserve credit for the fight that was put up, and even some members of the Liberal party who dared voice an opinion.

An hon. Member: Thank you.

Mr. Rynard: I appreciate that. Do not imagine that the bill which the Minister of Finance brought in is a simple one. As a matter of fact, it is a very complex bill and the interpretation of the clauses is difficult and obscure. A high-ranking tax officer told me that it will be months before all ramifications of this bill are understood.

Mr. Mahoney: Don't believe it.

Mr. Rynard: If the hon. gentleman from Calgary South (Mr. Mahoney) wants to speak, he can get up and do so. I