

*Income Tax Act*

will be disheartened by the fact that we have a very small percentage of people who are extremely wealthy, most of whom pay no tax at all, and that perhaps 95 per cent are living in abject poverty. We like to think we have a very fair and equitable tax system. This year the government proposes to eliminate one of the basic features of every progressive tax system, namely, gift and estate taxes.

I said on another occasion that we must give consideration to encouraging people to work hard, using their intelligence and adding to our productivity. We must be prepared to protect them in order to benefit from their ability, intelligence and hard work. We now have a proposal which will permit the transfer of an estate of \$1.2 million to the surviving children with no tax at all. These children will reap the benefits of someone who has amassed such a fortune, without contributing in any way to the productivity of this country.

• (3:10 p.m.)

If a person should have an estate of \$1 million, let us say, he could turn over to his wife and three children \$250,000 each without any tax being payable on it. Invested in a very conservative way, \$250,000 can give a person an income of \$15,000 to \$20,000 a year in perpetuity. To me this is a shocking and disgraceful proposal that the Minister of Finance has made.

The hon. member for Winnipeg South Centre (Mr. Osler) in his speech last night implied that the speeches made by members of our party in respect of this bill were different from the type of speeches made by members of the government of Manitoba. I have here the text of a statement made by the Premier of Manitoba, Mr. Schreyer, the day after the Minister of Finance made his budget speech. I wish to place on the record some specific comments made by the Premier of Manitoba at a meeting in Hamiota so that the hon. member for Winnipeg South Centre will know, if he did not know when he made his speech, that what I and other members of the New Democratic Party have said in reference to the budget is precisely in line with what the Premier of Manitoba said. I shall place on the record part of what the Premier said:

More specifically, now Manitoba would like to ask where is there equity or fairness in a tax system when:

1. Salary and wage earners will be taxed at 100 per cent of their earnings while capital gains will be taxed, but only on half of those gains, and windfall gains will not be taxed at all.

2. Unemployment insurance benefits and manpower training allowances are now taxable but business, entertainment and related expenses continue to receive the same favourable treatment in deductions from taxable income.

3. The three year tax relief for new co-operatives is withdrawn, but the business tax credit to shareholders is increased from 20 per cent to 33 1/3 per cent.

4. The 'single person' individual receiving a salary of \$100,000 a year will now pay \$1,000 less in personal income taxes, compared to the person earning \$5,000 in wages but pays \$14 less in personal income tax—further compared to an individual receiving a salary of \$11,000 who now, under the new proposals, will be paying \$78 more in income tax.

5. A wage-earning employee is limited to \$150 a year in expenses, but high-income executives will be permitted broad deductions for the expenses involved in moving to new jobs.

6. There will be many Canadians paying personal income taxes whose incomes are well below the poverty levels, set out by the Economic Council, while a man or woman will now be permitted

to transfer his or her original \$1 million estate to heirs or friends without paying any taxes.

I believe it should be obvious to anyone—but possibly the hon. member for Winnipeg South Centre hears only what he wants to hear—that what we have been saying is precisely what the Premier of Manitoba has been saying.

I should like to spend a few moments making clear to members of the House and the public that what we say in our criticism of the tax proposals made by the Minister of Finance is not simply criticism made for partisan political reasons by members of this party. I suggest the Minister of Energy, Mines and Resources (Mr. Greene) should take the trouble to read what I believe is perhaps one of the most important speeches made in recent years by any public figure. I refer to the speech made by the hon. member for Duvernay (Mr. Kierans), the former Minister of Communications, on June 3, 1971, to the Canadian Economics Association.

That speech was endorsed by 300 top academics in business, labour, government and economics in this country and when the speech was concluded it received a 12-minute standing ovation, something unheard of in the history of the Canadian Economics Association.

**Mr. Greene:** They never heard one of your speeches; that is the only reason.

**Mr. Orlikow:** Mr. Speaker, I like to be realistic. I know I am not the economist the hon. member for Duvernay is. The only difference between me and the Minister of Energy, Mines, and Resources is that he does not have the brains to know he is not in the same class as the hon. member for Duvernay.

**Mr. Greene:** That is not the way you spoke about him when he was in the government.

**Mr. Orlikow:** When he was in the government he did not talk about economic matters but only things like the Post Office, about which he is not as well versed as he is in economics. I am not one of those members who is not prepared to give credit where it is due, even if the person deserving of it is not a member or supporter of our party. I would even like to give the minister who interrupted some credit, but unfortunately he very seldom says anything deserving of credit. I should like to place on the record a few of the observations made by the hon. member for Duvernay in his speech to the Canadian Economics Association:

Taxation allowances have been used so extensively in Canada since 1949 that the Dominion Bureau of Statistics has been forced to issue two sets of financial figures, the one based on the annual reports of corporations to the shareholders, the other drawn from the reports filed with the Department of Revenue for tax purposes by the same corporations.

In 1968, for example, book profits reported to shareholders amounted to \$8,350 million while taxable income reported to the revenue department amounted to \$5,021 million.

The hon. member for Duvernay gave some extremely interesting figures in the form of tables which I cannot place on the record because I do not have the time. However, I believe I can summarize some of them. These figures are available to all Members of Parliament through the annual reports issued by the Dominion Bureau of Statistics. If you compare the book profits