

Income Tax Act

up a small business and I reflect upon what the government wanted to do to them. In the end, members opposite had to back away. As my hon. friend the Leader of the Opposition said, the bill now before us is evidence of a retreat on the part of the government. It has admitted defeat. Government must recognize the desire of those who want to work to be rewarded for their work.

If we are to be faced with the continuing pleas of those who believe we should secure the ownership of a greater share of our own economic structure, then I would respectfully submit that incentives must be provided to the end that there might be something left in the taxpayers, pockets, money which can be used, not to buy back Canada, because I believe that to be impossible, but at least to acquire a larger share of Canada. Incentives must be provided to encourage industry to expand production and, in turn, to create a greater measure of employment. In considering this bill, we must ask ourselves whether the Canadian people are being given a greater opportunity to invest in their own economy, to invest in their own future.

The measure before us is so complex that even tax experts find difficulty in understanding it. As my hon. friend from Edmonton West has said, many of its provisions are confusing. As a whole, it is irrelevant to the needs of the economy in terms of growth, in terms of production, in terms of employment and in terms of assistance to secondary industry, and for these reasons it should not now be read a second time.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the tax proposals before us have been described by the Minister of Finance (Mr. Benson) and other ministers as constituting one of the greatest pieces of legislation of the century. Great reforms, we are told, are now being presented to the people of Canada. Five taxpayers out of eight, it is said, will obtain substantial tax reductions.

At a time when we are faced with high taxes, high unemployment and high inflation levels simultaneously, and after nine years of supposed serious thought during which period we have seen the Carter Report and the white paper, one might have expected a substantially different set of proposals to have been presented to us, proposals which in a democratic society would benefit, in the main, the average and the poorer citizens of this country, that is, the vast majority of our people. Instead, looked at from any point of view, whether in terms of taxation or in the terms of effect upon employment or the development of our economy, the average person has nothing to gain from this legislation. The best that can be expected is that the average Canadian or the poor Canadian will find his position no worse.

Provision has been made for some marginal improvements to which I shall refer in due course, affecting the very poor, but in the main we are being offered no reform. This needs to be said, and I hope it will be said over and over again by all those who give serious thought to these proposals. I wish to deal with the question of equity, the effect on unemployment and the question of resource development. I propose to deal with these subjects one by one and explain my reasons for reaching the conclusions I have.

[Mr. Alexander.]

• (4:20 p.m.)

By raising the exemption level to \$1,500 from \$1,000 for single people and to \$2,850 for a married couple, and by removing the 3 per cent surtax, as the Minister of Finance indicated, some one million people have been removed from the tax rolls. But how real are these benefits? How substantial are these gains after nine years of promises of significant tax reform? The tax proposals in the main, in terms of their effect on income, represent for most people a saving of about \$100. For a family of four, spread over one year this would amount to about 50 cents a week for each member of the family. Real reform that is!

However, Canadians in income groups that are well above the average, those who are struggling to get by on an annual income, for example, of \$30,000 a year or more, are going to make real gains as a result of this raising of the exemption level. For instance, a man who is eeking out an existence on \$100,000 a year will save \$5,423 in income tax. A man who earns \$400,000—there are not many in this category but there are a few, people who, by the way, finance and participate in the government party—will save as a result of this increase in the exemption level some \$27,000 of personal income tax. Compare this saving with the \$100 that the average worker will at best save during the course of a year.

The so-called "renegade report" prepared by the group of people who departed from the Senate inquiry into poverty indicates that over the past 20 years there has been no change made in the distribution of income in this country. For example, 20 years ago the top 20 per cent of families in terms of income had 40 per cent of total income in Canada, whereas the bottom 20 per cent had some 7 per cent of total income. This 7 per cent in terms of numbers represents about five million Canadians.

No action has been taken by the government—and I include the present tax proposals—to change one iota, this pattern of income distribution in Canada. Serious tax reform and major improvements for working Canadians would have led to some significant redistribution of income, but these proposals simply do not. For example, using tax credits instead of changing the exemption level would have been one means to make a move in this direction. However, this government, not surprisingly to members of my party, decided against that method.

Let us look at another category of reform, of great innovation, according to members of the Liberal party. They are claiming that the working people in Canada are now going to be able to deduct from their tax working expenses incurred. They will be allowed \$150 a year for expenses directly related to their work for which they will get some tax credit. Is not the government magnanimous! It is telling all automobile workers in Oshawa, textile workers in Montreal and loggers in British Columbia: "Look, you fellows, we are really being very generous and are going to allow you what we have been allowing corporate directors, lawyers, doctors and indeed university professors for many years. We are going to allow you to claim some expenses that are related to your work as a tax deduction. However, we are putting a ceiling of \$150 on those expenses".

However, this bill places no such limit on the expenses of corporate directors in this country or on those catego-