

*The Budget—Mr. Clermont*

future. But nothing has really changed. The leopard has not changed his spots. It is the same stale old piece of cake with a little new icing smeared across the surface.

**Some hon. Members:** Hear, hear!

**Mr. Cossitt:** The Prime Minister has said that he will now listen to the people. It is as if the emperor had suddenly decided to give the people his ear. It is a mixture of gross condescension and demagoguery. This is a floundering government that has staggered aimlessly for five years in a sea of problems it is incapable of facing. On its deathbed, it indulges in the sickening performance of trying to buy and hoodwink the people of Canada by flip-flopping all over the place, and if there ever was a time for the people of Canada to get whatever they want, let them just come to Ottawa and ask for it now.

In conclusion, I believe that this country stands at a vital crossroads, and the seriousness of the situation cannot be over-emphasized. I can think of no better way to close these remarks than to quote words that were spoken in the British House of Commons on July 22, 1803 because they seem to me to be so applicable to the situation existing in Canada today. These words were spoken by the prime minister of the day, William Pitt, and they are as follows:

We must recollect what it is we have at stake, what it is we have to contend for. It is our property, it is our liberty, it is our independence. It is our existence as a nation. It is our character. It is our very name. It is everything dear and valuable to man on this side of the grave.

[Translation]

**Mr. Gaston Clermont (Gatineau):** Mr. Speaker, in his budget speech of last February 19, the Minister of Finance (Mr. Turner) spoke of several aspects of Canadian society.

In the area of social security, he recommended that parliament bring the basic old age security pension to \$100 a month from April 1, 1973, which, added to the guaranteed income supplement, will give single people who have no other income, \$170 a month and married couples in the same financial situation who get both the old age pension, \$325 a month.

Some people say that it is not sufficient, that the government should have given much more but if I examine the basic pension and the guaranteed income supplement paid on April 1, 1970, that is to say \$111.41 a month, I notice that, in the case of single people, there is an increase of 52.5 per cent and for married couples, an increase of 46 per cent. I think it is a very appreciable increase within three years. We are right when we say, Mr. Speaker, that Canada offers its elderly citizens the highest old age security pension in the world.

Other people claim that the pension should be paid to persons who are 60 or more, that it should be also paid to the wife of a man who receives it, even if she is not 65. These two measures would no doubt be of great help to a good many people and I am quite convinced that the Liberal government will implement them, as was the case for nearly all benefits under the Canadian social security plan.

Moreover, when Parliament will adopt the recommendation enclosed in the budget of May 1972, concerning the

[Mr. Cossitt.]

increase from the special exemption of \$650 to \$1,000 which applies to persons aged 65 or over, fewer of those persons will have to pay income tax.

We find also an increase in veterans' allowances and war allowances for civilians.

In the field of individual income tax, it is recommended to raise the basic exemption for all taxpayers from \$1,500 to \$1,600 and for married couples from \$2,850 to \$3,000 effective January 1, 1973. We proposed to Parliament a 5 per cent reduction on basic federal income tax effective January 1, 1973, and the maximum will be \$500 and the minimum \$100.

From 1974, individual income tax will be related to the cost of living; this will put an end to the purchasing power erosion which comes from the combined action of inflation and the progressive taxation system. The escalation will be made effective by raising tax brackets and increasing each year basic exemptions with an inflation coefficient based on consumer price index.

• (1700)

When Bill C-259 entitled "An Act to amend the Income Tax Act" was under consideration the former Minister of Finance, the hon. Edgar Benson, made it clear that in his opinion changes should be brought to the taxation system in the light of this new law. The present Minister of Finance has recommended some changes in his budget of May 1972 and again in the budget of February 19, 1973. A change is more particularly needed for small businesses. The Income Tax Act contains a feature of prime interest to the businessmen concerned. It deals with the deduction granted to small ventures. A provision allows a reduced tax rate on business incomes.

Provisions of Part V of the Income Tax Act annul the effect of the deduction granted to small businesses inasmuch as such undertakings are using the operating excess to make long term investments not related to their activities. The policy serving as a basis for those investments is doubtless sound, but its application is very complex. In most cases, the small businesses to which the reduced rate will apply, will use the resulting savings to expand, improve their techniques and create more jobs. As a study of the eligibility of the investments seems useless, its abolition, retroactive to January 1, 1972, will be proposed to the House.

The second change proposed, that dealing with protecting family farms, is very important. Under the present regulation, the farmer who leaves his farm to his children before he dies is deemed to have sold it for a fair market price. A capital gains tax can be levied. For many farmers, the problem is serious because it can lead to many complications. Now, to remedy those problems, it will be recommended that, retroactive to January 1, 1972, any farmer, who at death leaves his farm to his children, not be deemed to have sold his farm. Consequently, the capital gains tax will be applicable only if the farm is sold, that it is not being developed at time of death and that it is not bequeathed to the family.

A third amendment to be introduced has to do with the taxing of retirement pensions.