

ernment members speaking after I have finished and I hope they will reply to my questions. I have not found any reference to the medicare premiums paid on behalf of employees which relate to the \$80 million in that white paper. This is something that has been sneaked in; it is new and did not appear before. Let us not refer to the modest tax reforms but go back to the original tax reforms in the white paper. Table 16 on page 96 of the proposals for tax reform is very interesting. I am being careful to note these references, because I want hon. members opposite to say something about these things when they speak.

In this table we are dealing with revenue effects of corporation income tax changes on the 1969 income tax position. In the first year, presumably 1970, the government intended to get \$205 million extra revenue from increased taxes on corporations, which included the elimination of the low rate corporate tax, capital gains and the cancellation of the deductions on other things. Because my time is short I hope I will be excused for not reading all these items.

In the fifth year the government planned on getting \$560 million through increased taxes on corporations, and this was after watering down the Carter proposals. Let us refer to the maroon coloured volume at page 63 where exactly the same kind of calculation has been made. It refers to revenue effects of corporation income tax changes in the first year of the new system. Instead of the \$205 million the government intended to get from corporations under the white paper proposals it is now projecting \$20 million. This results from the government backing off from the proposals of the white paper. In 1972, we find the projection has increased to an amount of \$30 million.

What has happened has been that the benefits the government has been handing out, and the significant changes between the white paper and the budget, will almost entirely be to the benefit of the corporate sector with almost nothing to the benefit of the individual. In fact, the benefits to the individual are being projected as costing the government \$370 million in 1972 as compared to \$290 million, which is only a small portion of the deficit. In other words, if the budget were in balance, on the same basis as the calculation made in the Carter Commission Report and the white paper in respect of the reform of taxation, there would have been no benefits to individual taxpayers.

The only reason there are benefits is that the government has decided on some degree of expansion by deriving these benefits from the deficit. That is pretty fancy juggling, and the minister has not gone out of his way to explain the source of this money. This also explains the miracle of these increased benefits not costing the government any money. The government is doing many things to create a miracle. It is taking the money from one group of working people and giving it to another group of working people, so the government figure as to the number of people who will be paying less taxes has to be taken with a grain of salt. They are paying less, but when you calculate what has been taken away and what has been given, you find that many are worse off.

#### *The Budget—Mr. Saltsman*

Let me make it clear that I do not quarrel with the inclusion of these various things in the tax base, whether it be unemployment insurance, deductions for medicare, armed forces changes, adult retraining or fellowships and scholarships, because if you are to have a comprehensive tax base these have to be included. We knew this but we did not like it. Most of the people forced into this tax position are those with relatively low incomes. Our objection is based on the fact that, if you are going to have a comprehensive tax system which takes in these things, it should also take in capital gains and the profits of mining and oil companies as well. It is not fair or right to put into a comprehensive base only the incomes of the ordinary working people, without also including the benefits and improvements to the corporate sector. This is what is being hidden in the government's proposals.

● (3:00 p.m.)

I say it is a shocking and shameful thing this government has done. They may get away with it for a week or two, but the public is not stupid. The public will see this little juggling act that has been performed. Let us see what might have been done had we followed some of the recommendations of Carter. The Carter Report would have provided substantial tax relief on a much smaller base. The Carter Commission intended to decrease by more than 15 per cent the taxes of 3,124,818 Canadians. Not one million, but three million people would have had their taxes decreased by more than 15 per cent. There would have been 2,963,000 for whom the decreases would have been between 15 per cent and one per cent. In other words, almost six million Canadians would have had substantial tax relief and less than 631,000 Canadians would have had their taxes increased, and those would have been Canadians in the upper income bracket who could have assumed an increase in taxes. That is the difference.

So, what the government is giving is infinitely less than the people are entitled to get because there is no such thing as a tax avoidance. You cannot give back to the corporations \$5 million which you intended to take from them and say that the other people who are not in the corporate sector are well off. There is no such thing as tax avoidance, as Carter pointed out. To the extent that some people in our society do not pay their full share of taxes others have to pay it. In this case it is the corporate sector that is not paying its full share. It is those who get their incomes from capital gains, from mining and from oil who are not paying their full share. The ones who have no choice but to pay their full share are the wage and salary earners of this country. I am not speaking only of those in the \$4,000 bracket. I am speaking also of those in the area of \$11,000, \$12,000 and \$14,000. The real dividing line in this country is not between the people who are getting \$10,000 or \$15,000 and those who are getting \$4,000. There is some division there, yes, but the real point is whether in fact you get your income from wages and salaries or whether you get it from speculative investments. That is the dividing line. These are the two classes in our country.