

Income Tax Act

I appreciate the point made by the hon. member for Edmonton West. It is the kind of difficulty which perhaps results from the drafting of the new rules as they are before us now. The hon. member for Edmonton West, and his distinguished colleague, the hon. member for Winnipeg North Centre, are leading members of the committee on procedure, and they do from time to time consider some of these difficulties. This is one of the difficulties which they might like to look into some day.

Having said this, I would think that I would have to rule that the bill is now before us correctly from a procedural standpoint.

Mr. Lambert (Edmonton West): I never queried that.

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, this second reading speech has perhaps become somewhat redundant in view of the point of order. However, I think it would be well to summarize the reasons we are dealing with Bill C-169 today.

This bill completes the implementation of the following measures which were announced by the former minister of finance on October 14, 1971: a 7 per cent reduction in corporation income tax for the period from July 1, 1971, to December 31, 1972 and a 3 per cent reduction in individual income tax for the same period.

The reductions in tax for the last half of 1971 were implemented during the last session by Bill C-275, which received Royal Assent on December 23, 1971. The present bill implements the reductions for 1972. The reason it was necessary to split the particular budgetary presentation was that at that time we were going through a major tax reform bill, and Bill C-275, if I can use less than precise language, amended the old Income Tax Act that was in effect until December 31 last year.

The major tax reform bill that was before the House last year, Bill C-259, effected numerous changes in the income tax law, including a major re-organization of the act and a major renumbering of sections, so it was necessary that that bill be passed or dealt with by parliament before a further amending bill, covering these tax reductions for the current calendar year, was introduced. Accordingly, what would normally have been presented in one bill was necessarily split into two.

The 7 per cent corporate tax reduction has been designed to give Canadian corporations greater flexibility in responding to the challenges that have confronted them in recent months, and to encourage them to contribute to a sustained growth in job opportunities. It will help their competitive positions in both domestic and international markets.

The 3 per cent individual tax reduction will also provide an important stimulus to the private sector by sustaining and encouraging increased demand for goods and services.

These measures have already contributed in an important way, along with other expansionary measures inaugurated by the government during the past two years, to the present accelerating improvement in the performance of our economy.

As stated by the Minister of Finance on October 14, 1971, it is estimated that the corporate tax cut will reduce

[Mr. Speaker.]

federal revenues by \$160 million for the fiscal year 1971-72 and \$175 million for the fiscal year 1972-73. The cut in personal taxes is expected to reduce federal revenues by \$125 million in the fiscal year 1971-72, and by \$225 million in the fiscal year 1972-73.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I trust this will not be deemed a comparison of oranges and apples. As I said earlier, we are dealing with a bill arising out of a motion originally presented by the then minister of finance on October 14, 1971.

As the Leader of the Opposition (Mr. Stanfield) indicated during the course of the debate on that occasion, after listening to the great applause that emanated from the government benches in response to the speech by the minister of finance, greeting it as though he were announcing something entirely new and fine, as though he were the Savior coming to the rescue of Canada, one was reminded of the very loud applause that had accompanied his disclosures in his June budget. His October 14 measures in effect were a frank and, I would say, humbling admission that he was totally wrong in June.

So, we had this rather interesting spectacle of a claque applauding any statement by the minister, even one saying in effect, "In June I was an ass; now, I am going to try to take myself out of the mess into which I got the country at that time." As a matter of fact, there could have been further proposals by the new Minister of Finance, setting aside the proposals put forward by his predecessor in October, in many ways contradicting the October proposals, and we could have had the same claque applauding from the government side. I would say that argument endorses my contention that the House rule, as it now stands, is wrong in philosophy.

• (1600)

An hon. Member: Right!

Mr. Lambert (Edmonton West): Without reference to it in the presentation, the Minister of Finance tables a notice regarding a tax increase or tax cut; he does not proceed with it and he gets the chop for too severe postures. This has happened before, it can happen again and likely it did in this case. The pressure was relieved by putting a new man at the helm. I can see the strategy of the Prime Minister (Mr. Trudeau) and time tends to block memories.

If one were to ask members of this House, and certainly members of the press, what the circumstances were behind this particular change in the Income Tax Act, most of them would have no answer. They would have to go scurrying back to the record, but they would never get the atmosphere in the House. The presentation of this motion today and of the bill is totally anti-climatic. It is there; what are we going to do about it? That is precisely what we intend to say; what is there to get so excited about? A tax cut of 3 per cent is being applied to personal income in the 1972 tax year. That is what is going to happen now. For those people with low income who pay no tax, this is no cut at all, but it certainly has some effect on those people at the middle income level.

What is the purpose of it? Is it to regenerate expenditures from the people at the middle income level? I have not noticed that there is such a glut of commodities. There