

Use of Bank of Canada to Ease Tax Burden

Mr. Benson: I should like to speak briefly on the problem of equity in taxation and the ability to pay principal. The federal government does try to see that the total federal tax burden is distributed fairly in accordance with the principle of the ability of individuals and corporations in our country to pay.

Because of its basic tax exemptions, \$1,000 for a single taxpayer, \$2,000 for a married taxpayer, \$300 for dependant children eligible for family allowances and \$550 for other dependants, and its graduated rates, the personal income tax is one of the main tools used by the government to redistribute income and promote a more equitable allocation of the national wealth.

Indeed I am hopeful that by June we will be able to produce a white paper and table it in the house for the examination of the members of the house and the people of the country which will lead to an even more equitable tax system in our country but an equitable tax system that does not stop the growth which is essential to the economy of the country.

The report of the Royal Commission on Taxation, in analysing the incidence of the federal tax structure, stated that it was slightly regressive in the very low brackets of income and progressive beyond. It gave much credit for the over-all progressive slant of the system in the personal income tax which it describes as progressive throughout the entire income range. Here, I would refer to the report of the Royal Commission on Taxation, volume 2, page 245.

The present structure of the federal tax, even including the Social Development Tax, is progressive. I should like to refer to the table which I indicated in my October 22 budget speech shows the amount and the per cent of income paid in the current fiscal year in terms of federal basic tax, both before and after the inclusion of the Social Development Tax for various income classes. The illustration is for a married taxpayer with two dependant children eligible for family allowances. With the permission of the house I would also like to have this printed in *Hansard*.

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's Note: The table referred to follows*]

[*Mr. Deputy Speaker:*]

Married Taxpayer—two children eligible for Family Allowance

Income	Social Development		%		
	Present Tax	Tax		Total	%
\$ 3,500	\$ 102	\$ 16	0.5	\$ 118	3.4
4,000	184	26	0.7	210	5.3
4,500	275	36	0.8	311	6.9
5,000	376	46	0.9	422	8.4
6,000	597	66	1.1	663	11.0
7,000	842	86	1.2	928	13.3
8,000	1,109	106	1.3	1,215	15.2
10,000	1,644	120	1.2	1,764	17.6
15,000	3,294	120	0.8	3,414	22.8
25,000	7,790	120	0.5	7,910	31.6

This taxpayer pays no income tax if his income does not exceed \$2700. At \$3000, his tax is equal to only 1.5% of his income. At \$5000, his tax equals 8.4% of his income. At \$7500, his tax grows to 14.2% of his income. At \$10,000, it attains 17.6% of his income. Beyond \$10,000 his tax rises sharply and at \$25,000, it accounts for 31.6% of his income. This establishes quite clearly that the personal income is very progressive in this country and that it does play a significant role as an income redistributor.

Mr. Benson: I should now like to say a few words about government programs which assist the poor and uphold the elements of a just and humane society which we, as a government, believe in and in which I think everybody in this House of Commons believes. Anyone who analyses and understands the whole complex of federal programs will be struck by the range and diversity of expenditures which have as their prime objective easing the burden of the poor and establishing a more just and humane society in Canada. We, as a government, do not take credit for all of them but I should like to say a few words about them. Indeed, if one includes Old Age Security Pensions and the guaranteed income supplement it can be said that well over 50 per cent of total federal expenditures of some \$13 billion goes for programs of human and social betterment in our country. Basically, these social development measures have a twofold purpose: First, to effect a redistribution of income as between regions and individuals, for example from the high income regions and individuals to the lower income regions and individuals; second, to attack poverty directly or via joint federal-provincial actions.

Let me enumerate some of these measures. First of all we have assistance to the aged. A great deal of effort has been made to improve the Canadian old age income maintenance system in recent years, such as through the introduction of the Canada Pension Plan and the Canada Assistance Plan. The basic old age