

The Budget—Mr. Coldwell

Mr. Coldwell: I am dealing with something real.

Mr. McCann: Then give us the names.

Mr. Coldwell: Income tax matters are all protected by secrecy. We do not know what the minister does in his department. He asks me to give him names. Let him give us the names of some of the taxpayers who have excessive profits and incomes, and we will give him the names for which he asks.

Mr. Lesage: But you are the one making the charge.

Mr. Coldwell: I am not making charges. I am drawing these matters and possible abuses to the attention of the minister and the government in order that a proper and thorough investigation may be made in all parts of Canada into accounts of this description. I am not saying this is done universally, but I am saying that I believe it is done in some instances; that there are tax evasion practices that are not open to farmers who deliver their produce to grain elevators or to wage and salary earners whose incomes are reported to the government and whose tax is deducted at the source. I am urging careful investigation.

Because of the criticisms we have made from time to time in the past of the general effect and advantage to some types of business of the depreciation write-offs, I was particularly interested in the minister's determination to prevent the writing off of certain types of capital investment out of the expected high profits of the next few years when corporate profits may be high and income taxes also high. This is in line with a criticism we made during the last war and subsequently of the government's taxation and depreciation policies. I was glad to have our arguments, at least in part, so strikingly confirmed by the Minister of Finance in his budget speech. Since his new deferred depreciation regulations are designed to prevent profits from going into new capital expansion, I suggest that he should go one step further and relieve the tax burden on the lower income groups by taxing these unusable accumulating profits on a steeply graduated scale.

Mr. Abbott: They will be taxed at the rate of 50 per cent and up.

Mr. Coldwell: I am glad the minister did not lower the income tax exemptions. With the soaring cost of living, they are already too low. A good case can be made for raising the exemptions under present circumstances to at least \$1,500 for single persons and \$3,000 for married persons without children. Certainly it was better to impose

a surcharge on the tax to be paid; but, again, it should have been on a graduated scale instead of at a flat rate. The lower brackets should have been exempted and a graduated surcharge imposed in the middle and higher brackets. This would have been fairer and more just; and, under the circumstances, I think it is quite essential. However, apart from that, the idea of the surcharge on what is, if properly applied and if precautions are taken to prevent evasion, the most equitable form of taxation we have, namely, the income tax, is to be commended.

As for corporation taxes, the minister has been much more tender with them than with taxes on the individual citizens of the country. The minister said that to increase corporation taxes to a point of yielding still larger revenues, which would do grave damage to the economy in the long run, would be unwise; but as I have already shown, the hidden and indirect taxes placed upon the Canadian people are, in our opinion, likely to do much more damage to the health and welfare of the Canadian families than additional graduated taxation on corporations could possibly do.

If we look at the figures presented in the minister's budget, table No. 7, we find that in 1939 corporation profits, before taxes, amounted to \$618 million; in 1946 they had risen to \$1,450 million; in 1949 there was a further jump to \$1,898 million; and in 1950 the minister estimates that they will amount to \$2,270 million, an increase indeed of 19.6 per cent over 1949. Even after taxes, corporation profits in 1950 will amount to \$1,402 million, an increase of 19.7 per cent over the 1949 figure.

On Saturday the *Montreal Gazette* published its initial compilation of earnings for 1950 compared with 1949 for one hundred Canadian firms whose financial years all coincide closely with the calendar year. These one hundred companies showed a profit increase on the average of 27.4 per cent, compared with the net, after all charges, including taxes, for the same one hundred companies in 1949.

The outstanding increase, in both dollar volume and percentage of profit, is to be found in the pulp and paper industry. Seventeen companies engaged in this industry showed an increase of 33.7 per cent compared with their 1949 totals. I say this indicates clearly that while wage earners, salaried people, farmers and people on superannuation and other forms of fixed income are being squeezed, Canadian corporations are enjoying unprecedented prosperity and profits. That is why we feel that if individual Canadians are called upon