

Income Tax

in Canada. They do not have the 1974 figures, but we know that all the reports which came out in the year 1974 showed sharp increases over 1973.

Let me put a few examples on the record as reported in the *Financial Times* to show what I mean when I say that the minister does not have to do for the resource industries what he proposes to do. Here we have some of the "small corporations" about which the minister seems to be so concerned, and which he feels he must defend against the rapacity of the provincial NDP governments of Manitoba and British Columbia and that great radical government, the Conservative government of Alberta, the government of Peter the Red, as one of my colleagues says.

Here we have International Nickel. In 1971, it had a net profit, after all taxes and expenses, of \$94 million. In 1972 its profit went up to \$109 million; in 1973 to \$226 million. Imperial Oil in 1971 had a profit of \$141 million; in 1972 of \$157 million; in 1973, \$228 million. MacMillan Blöedel from the province of British Columbia, in 1971 had net profits of \$22 million; in 1972, \$37 million; in 1973, \$81 million

• (2040)

Mr. Nystrom: That was a bad year.

Mr. Orlikow: Chrysler Corporation, which until this year was raising its prices each year, in 1971 made a profit of \$84 million; in 1972 a profit of \$22 million; in 1973 a profit of \$255 million.

That is the kind of profit the large corporations in this country were making, and in 1974 even larger profits were made. What does the minister suggest in his tax proposals? He proposes to make it easier for them. But he is not satisfied this year just to help the really large corporations. This year he proposes to help not the people at the bottom of the income scale in this country, the people who are being hurt by increased costs, those who are really feeling the pinch of inflation, but those in the middle income brackets. Those are the people who can afford to save. What does he propose? He says, for example, that anyone who earns money from investments, in interest or dividends or private pension incomes, will not be taxed on the first \$1,000 of such income. The minister says to a person who can afford to save \$1,000 toward a house that, if he puts it into a registered home ownership savings plan, he will not have to pay any income tax on that \$1,000.

I would not mind those proposals if the minister were doing something for people at the bottom of the income scale, people who just get by, people who spend all the money they earn from their jobs or every penny they get through a pension, private or public. He could do that by instituting a system of tax credits so that, for example, a tax credit of \$200 per year would go to every adult in Canada whether he is an income earner or not. This would help people who are on pensions or welfare, and who do not pay income tax. It would also help people at the bottom of the income tax scale. But what does the minister do? He proposes percentage tax cuts, 5

[Mr. Orlikow.]

per cent for 1974 with a floor of \$150 per year. This means a tax cut for most workers who are married and have two children of about \$3 per week. But that 5 per cent can mean a reduction of \$500 reduction for people in the upper income bracket.

I have not computed my income tax yet, but for 1974 it probably means close to a \$500 reduction for members of parliament. This is not the time to discuss the indemnity for members of parliament, but I think that we can afford to forgo that \$500 much more than the man earning \$6,000 per year with two children who will be getting only \$150 tax reduction.

For the year 1975 the minister proposes a tax cut of 8 per cent. That will mean a minimum tax cut of \$200 per year, or about \$4 per week for people at the bottom of the income tax level and a maximum tax cut of \$750, or a cut of about \$60 a month, for people in the upper income brackets.

If you look at the unemployment rate, which is at a two year high and which is going to increase very substantially, and if you look at the effect of inflation, you will realize that we need an expansionary budget.

We do not need a program of tax gimmicks, the kind the minister has proposed, or of small benefits to people in the middle income bracket, and large benefits to corporations at the top. What we need are tax cuts for people at the bottom of the income scale. These are the people who, if they were given tax cuts, would spend every dollar and put people back to work. What we need are tax cut in the form of tax credits for people at the bottom, people at the lower income levels, including the hundreds of thousands who do not earn or have enough income to pay taxes, so that they can benefit from the wealth of this country. Instead what we get are the kind of gimmicks which I have talked about.

One which I did not talk about, but which I wish to discuss now, is the proposal which the minister made to induce private investors, the doctor, the architect, the small businessman, to put their money into the building of housing units and into the building of apartments. I tried to trace down the origin of that type of proposal, and to the best of my knowledge that kind of proposal first came to light in the United States. It was proposed by President Nixon in one of his last budget proposals. If there is one source which the Minister of Finance should not look to for advice on the budget, or anything else, it is from the former president.

What should we be doing in this budget? What the government should be doing is working with the provinces and with the municipal governments to develop programs which will put people back to work. There are 20,000 or more lumber and forest workers unemployed in British Columbia. There are lumber workers and forestry workers in the Maritime provinces who are unemployed. Why are they unemployed? To a large extent they are unemployed because the recession in other countries, particularly in the United States and in Japan, has sharply curtailed the building of houses. Our exports of lumber to those two countries has plummeted