Income Tax Act

Mr. Faulkner: Let the hon. member put his own position, not mine.

Mr. Lambert (Edmonton West): We will put our position, and we will put it time and time again. In view of the changes that have been made in the nature and philosophy of this measure, we are going to get objections from the United States. We have already had many objections from Canadians. For instance, take the case of foreign investment in retirement trust funds. There is supposed to be a certain minimum ceiling on foreign investment. We are getting a lot of static from foreign countries in regard to this restriction. Canadian objectors are getting nowhere, so we will see whether foreign objectors have more clout. A list has already been produced on behalf of the United States government, which incidentally seems to have more authenticity than hon. members opposite credited to it.

Another point is that certain continuing rights and provisions in this bill are subject to renegotiation in regard to tax treatment. Given the present climate of relations between, for instance, Canada and the United States, between which two countries there is a most important tax treaty in existence, surely no member of this House is naïve enough to think that this treaty will not have to be renegotiated, under the terms of this bill, in order to give equality to Canadians. Do hon. members opposite think that these negotiations will be successful within the next five or ten years?

In the interval, of course, Canadian investors and businessmen are going to take it in the neck. The same situation prevails in our relations with Great Britain. There was a conference this summer attended by some noted Canadians, including the former Prime Minister of the Liberal party and authorities from Great Britain in government and in business, which discussed the level of relations between Canada and the United Kingdom, two countries where once again effective tax treaties must be maintained. Yet we are doing many things to foreign investors in this bill.

Mr. Faulkner: What things?

Mr. Lambert (Edmonton West): We are reducing returns on foreign investments. We are making conditions much worse for foreign investors in this country. There may also be found a good deal of economic nationalism in this bill. Small companies' proposals are replete with economic nationalism of a kind to which there will be a great deal of objection from Canadians and foreigners alike. Therefore, is this the best time for the negotiation of tax treaties, when we look for certain advantages?

Mr. Faulkner: Pure fantasy.

Mr. Lambert (Edmonton West): At a time when the Canadian economy requires more incentives, greater encouragement to production and to savings, what is the government doing? It is imposing a greater tax burden on production on the savings of Canadians. That is the net result of Bill C-259.

Another part of the bill that I suggest will cause a great deal of difficulty is this. Simply passing the bill in this House and in the other place and putting it on the statute books will not make effective its provisions. One aspect of this bill, from the white paper on, has been totally neglected by the government. It has been brushed aside, or swept under the carpet, if I may use another simile, because the government does not like the difficulties it foresees. I refer to co-ordination and co-operation with the provinces. I should like to put on the record what the Canadian Manufacturers Association had to say in their brief in this respect. I think they put the position quite well. They said:

[Mr. Lambert (Edmonton West).]

> The effect of the proposed corporate and personal income tax rates depends greatly on the action which the provinces may take.

I pause to say that the hon. member for Peterborough is one of those who deludes himself that everything should conform to the federal point of view; that if the federal government shall speak, the provinces shall follow.

Mr. Faulkner: The CMA is not the spokesman of the provinces.

Mr. Lambert (Edmonton West): The members of the CMA are the ones who will suffer the effects of the federal government's attitude to these tax changes; that is the point. It is the meat in the sandwich which is protesting now. I invite the hon. member from Peterborough to talk with certain provincial treasurers—not only the one in the province of Ontario but others—and learn their attitude toward these tax changes.

(8:20 p.m.)

Mr. Faulkner: Let us hear from them.

Mr. Lambert (Edmonton West): We have.

Mr. Faulkner: Not through the CMA.

Mr. Lambert (Edmonton West): I am also talking about businessmen who will suffer from these changes. We hear from the provinces, at least the government does, but it never publishes the results of these conferences with the provinces on these points. I think they are to meet within the next few weeks. I suppose the hon. member would want us to have the bill passed by that time, then the provinces could comment on the nature of the changes. That is just how stupid the whole thing is. I continue with my quotation:

> With respect to personal income taxes, the impact on the individual which has been calculated and shown in the tables in the Summary of 1971 Tax Reform Legislation depends on the provinces imposing a tax of 30 per cent of federal tax. The proposed reduction in corporation income tax rates depends on the provinces not changing their corporation income tax rates. The intended 33 193 per cent tax credit with respect to dividends from taxable Canadian corporations will only be given full effect if the provinces adopt a corresponding credit.

In other words, that would require action by ten different legislatures. We have not heard that they intend to do so.

> Some of the provinces have expressed concern about the proposed elimination of federal estate and gift taxes on January 1, 1972.

Manitoba is one of them.

> They have indicated that this proposal will not only create inequities between the taxation of existing wealth accumulations and future wealth accumulations, but will thrust the burden of