

Income Tax Act

are now debating wrote on June 19 the following about the bill which the hon. member for Winnipeg South Centre lauded so much:

The tax bill brought down last night by finance minister E. J. Benson represents a major reprieve from the proposals advanced in the 1969 white paper on tax reform.

The capitulation, on almost every proposal that had met substantial opposition, was more complete than even the most vigorous critic of the white paper could have foreseen.

All the key proposals—the integration of personal and corporation taxes, taxation of capital gains at full rates, five-year revaluation of common shares, and the intended distinction between widely held and closely held corporations—have vanished without a trace, as has the plan to allow small corporations to be taxed as a partnership.

That was the assessment of these proposals by the financial correspondent of the *Globe and Mail*. The position we have taken with regard to the revision of the tax system in Canada has been a simple one. Our position has been that what we need in this country is to establish a tax system which will provide equity for the people of Canada, which will provide that the people who have the income will pay their fair share of the taxes which are required to meet the cost of government in this country.

Where did we get most of the ideas which we have been espousing for almost ten years? We got them from the report of a royal commission appointed by a Conservative government headed by the right hon. member for Prince Albert (Mr. Diefenbaker). That commission was chaired by Mr. Kenneth Carter, one of the most prominent chartered accountants in Canada, a former director of the Canadian Tax Foundation. That commission, which was appointed in 1962, took two years to make its study, spent about \$3½ million dollars and brought in a very detailed and comprehensive report on the Canadian system of taxation, what was wrong with it and what ought to be done. I wish the hon. member for Winnipeg South Centre, before he made his speech, had taken the time to look at the recommendations of the Carter commission, because those recommendations are a condemnation of almost every word of the hon. member for Winnipeg South Centre.

● (9:40 p.m.)

Let me summarize some of the points made by the Carter commission. It found that billions of dollars of income were escaping tax altogether, or enjoying tax privileges which lightened the tax burden on them. If I have time later I will put on the record from a speech made by the former Minister of Communications, a member of the Liberal party—a speech which obviously the hon. member for Winnipeg South Centre has not taken the trouble to read or, if he has, he certainly has not understood it—figures which show how much the mining, oil and gas companies of this country have been able to escape from paying their fair share of taxes.

The Carter commission recommended lower taxes for people making less than \$10,000 a year and higher taxes for people making over \$10,000 a year and for persons making capital gains. It certainly did not recommend a tax reduction for people who have an income of \$100,000 a

[Mr. Orlikow.]

year or more, as the government is proposing. The recommendations of the Carter commission were opposed vigorously, as could have been expected, by the 5 per cent of the people of Canada who get special privileges under our present tax system. And, Mr. Speaker, they were effective. The white paper introduced by the government watered down the proposals of the Carter commission a great deal and the tax bill presented by the Minister of Finance (Mr. Benson) has further watered them down so that there is very little left of them.

What did the Carter commission find? It found that present taxation does not afford fair taxation for all Canadians. It found that the present tax structure has led to Canadians being less well off, through lack of goods and services that could be provided through more efficient use of labour, capital and natural resources. It found that compliance and collection costs had been needlessly raised by duplication in provincial and federal administrations, and that federal tax administration is open to political influence. It found that the fiscal situation has not been used as effectively as it could to maintain full employment, contain inflation and encourage Canadian ownership of Canadian industry.

A few moments ago the hon. member for Winnipeg South Centre said that things were getting better in this country. Of course, he completely ignored the fact that for the last 15 months we have not in any month had less than 6 per cent unemployment on a seasonally adjusted basis. The Carter commission found that federal procedures to obtain and analyse new ideas on tax increases or for hearing the views of taxpayers were inadequate.

What did the Carter commission recommend? It recommended that mining companies should have depletion allowances removed. Some 85 per cent of the benefit of such allowances go to only eight oil and mining companies, most of which do not need this incentive. Removing these exemptions would provide a minimum of \$150 million a year to the treasury. That was in 1964, and those companies have become richer and more powerful since then.

The commission pointed out that the uranium industry in its meteoric existence to 1964, on an investment of just one-quarter of a billion dollars made a profit of over a quarter of a billion dollars, 100 per cent on its investment, but paid only \$30 million in taxes. Do I need to remind hon. members from Ontario that having made these tremendous returns, the uranium companies walked out of Elliot Lake leaving the miners with no jobs, leaving them with houses that could not be resold and as a result caused individual homeowners and CMHC to lose a tremendous amount of money? The workers lost, the taxpayers lost, but the uranium companies did extremely well as a result of our tax system.

The Carter commission talked a great deal about how the life insurance companies got away with paying virtually no tax. I am not going to go into details in that regard because since then we have plugged some of the loopholes, although not all of them. It talked about how land speculators and freeloaders who played the stock