

Senator Benidickson: Mr. Chairman, I did not want to get into an argument about this. As you say, it is not just directly tied in with the White Paper. However, the Treasurer of Ontario was quoted, I think, in the remarks. I do not know whether our visitors realize that in recent years the percentage of tax taken by the federal Government has been going down and the percentage of tax take out of gross national product has been increasing for all governments and has been largely attributable, with good cause, to the take that is required by the provincial governments because of the rising demands of the things within their responsibility, such as education, health, welfare and matters of that kind. Actually, in the federal sector our percentage of take here from the GNP for several years has been going down.

The Acting Chairman: What you say, Senator Benidickson, is quite right, I think they are referring, though, to the total Government expenditure, that is, Government at all three levels.

Senator Benidickson: Yes, but actually we have been making rules in recent years and are not really responsible for the increase shown in the last few years out of the overall GNP.

The Acting Chairman: That is a good point.

Senator Carter: What bothers me about the 25 per cent is that the federal Government has not too much control over the provincial expenditures, the provincial share. What are you going to do? Let the federal take its bite first and then let the others do so?

Mr. Sheperd: I do not think that we, as an industry, are prepared to get into that discussion.

Senator Kinley: Do you make television sets in Canada?

Mr. Longstaffe: Yes, sir.

Senator Kinley: Clairtone, in Nova Scotia?

Mr. Longstaffe: Yes, sir, they are one of the members of our association.

Senator Kinley: They are one of the members of your association? How do they do it?

Mr. Longstaffe: I would prefer not to answer that question, senator.

The Acting Chairman: I think that is a very good question, Senator Kinley?

Senator Kinley: All right. I would just like to know.

The Acting Chairman: If there are no further questions on item number 1, honourable senators, perhaps we can ask the witness to proceed to item number 2.

Mr. Longstaffe: I would like to comment on this one a little further. Canada, like many other advanced nations in the world, is working extremely hard to build some strong technologically based industries, particularly in the electronics field. I am referring to the United States certainly, Japan, West Germany, just to name a few that immediately come to mind. In doing this, all of us are competing for the people, the middle management people, the technologists, the technicians, the engineers, who can bring forward this future developments. We are extremely worried under the White Paper proposals that will make it extremely difficult for us to attract this calibre of people to Canada to assist in our technological development.

The present proposals as we interpret them certainly add a greater share of the tax burden on to the so-called middle income people who are the bread and butter people of an industry such as ours.

Certainly, it would make moving to the United States or not being attracted to Canada in the first place and much more serious problem with us. We are concerned that this level of people or level of income would carry a greater share of the tax burden. I think that is all I have to comment on that item.

The Acting Chairman: Are there questions on this part? You refer to tax advantages to skilled middle-income people. What tax advantages are you referring to? Have you any specific questions in that line?

Mr. Sheperd: Let us take a rather direct one, the income tax. We find ourselves, as Mr. Longstaffe has pointed out, in competition with the United States in particular but with western European countries where people who are skilled in the field. We find in many cases that these skills are migrating from this country to others—and again particularly south—because of the advantage in their personal income at the end of the tax period. We feel that we are to be in a position to compete for this skilled life.

The Acting Chairman: What you are suggesting is tax reduction for middle income people?