

Taxation Reform

widow to transform her savings into the form of a house under circumstances in which another form of asset might be more advisable.

I know, Mr. Speaker, that the committee will listen to many suggestions dealing with the tremendous range of subjects contained in the white paper. I hope members of the committee will look more closely at the provisions in the United States law which permit a husband and wife to pool their incomes and average them. No doubt the business community will have a series of suggestions involving the application of capital gains at five-year intervals, a proposal which it seems to me will be difficult to administer.

However, these are minor and isolated instances in relation to the over-all proposals in the white paper. Certainly, the initial acceptance of the overwhelming majority of these by the taxpayers whom I have the honour to represent, and with whom I have discussed them, has been overwhelmingly favourable. It represents a good omen for the work of the committee, and I look forward to the early referral by the House of the white paper to a special committee.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I would like to make a few comments on the white paper on taxation, not covering the waterfront because it is a rather awe inspiring waterfront, but on points with which I warmly agree as well as points with which I warmly disagree. First, there are two points which particularly strike my fancy. One is the increase in exemptions, and I hope that when the committee is studying this particular matter some formula will be drawn up so that taxpayers in Canada will always have one exemption, namely, the accepted poverty line, the amount of dollars that is regarded by those who make a special study of these things as the poverty line below which people, if they have less than that income, find themselves in great difficulties.

The second point with which I warmly agree, but on which I think some refinement must be made in the minister's proposal, involves the deductions for working class mothers, and the money they have to spend for the care of children while they themselves are out working. A ceiling has been suggested in the white paper. For most people that ceiling may be quite adequate, but I suggest that in the cities of Canada, where costs are higher, it may not be a realistic figure. I hope the committee will turn its attention to this point.

[Mr. Francis.]

I now wish to deal with matters in the white paper with which I disagree. It seems to me the government is adopting an attitude that every time a dollar moves about and comes into public view, a board of tax collectors is entitled to rush forth and take their bite of that dollar bill. As I shall illustrate later, the difficulty that the government is going to get itself into will relate to the frustrations of large numbers of Canadians who will have to take up bookkeeping as a side vocation. There will also be the administrative difficulties that have been proven elsewhere where certain types of capital gains were imposed, and which I suggest are on their way into Canada unless the white paper proposals are very drastically reformed.

● (12:10 p.m.)

To me a capital gains tax on one's own house is iniquitous and the formula that is suggested by the government does not take into consideration the restrictions placed on the ability of Canadians to move about, not so much from one part of Canada to another because this is recognized in the formula, but to move about in their own area. I suggest, Sir, that many young married people have large homes so that they can bring up their families in good space, and that when the children have grown up and moved out, they might very well want to sell the large house in their own city, but not move to another city. Why should they when their stake is in that neighbourhood? They want to move into a smaller house or apartment. This is more likely to be the rule when people reach retirement age than is the likelihood that they will pull up stakes and move to some other part of Canada. As we all know, when one reaches the age of 40 or 45 one loses mobility on the labour market. When the committee studies the proposals, I hope it will take a long look at the suggestion that the rollover principle will only apply where a person moves from one area of Canada to another. For that matter, a home owner may wish to sell his house and move to a warmer part of the world. The older one gets, the less one likes to respond to the challenges of the great Canadian winter.

Then, there is the nuisance of the book-keeping involved in trying to determine how much one should be entitled to accept. Every plumbing bill, every carpentry bill, every painting bill, every bill for repair and replacement ever received has to be stored