

Although Bill C-54 does address a number of taxation problems facing Canadians, I certainly find it to be generally a disappointing bill. It fails to make the serious changes required in terms of working toward an equitable and rational taxation system for Canada. I think most Canadians today from one end of the country to the other would recognize that our present taxation laws are discriminatory. They are unjust and unfair. In a sense, I must agree with the member for Western Arctic when he suggested that when you look at our taxation system and ask who pays taxes, part of the answer is that the poor do not pay taxes. They do not pay any taxes because they do not make any money, he says. I hope I am not misquoting him. He says the rich do not pay taxes because they have all kinds of fancy lawyers. They can take advantage of the numerous loopholes which are in our taxation system, which is biased in favour of certain groups within our society.

When I talk to the workers throughout my riding of Kamloops-Shuswap, and we talk about the taxes they pay, they express a hesitancy with respect to the taxation system and the amount of money they are required to pay. They feel this for a number of reasons. One is that they feel they are paying an unjust proportion since they know of certain groups, primarily those which are self-employed, those who are using one method or another to turn themselves into a personal corporation, as someone said, and are able to take advantage of the legal minds we have to use the loopholes in the existing taxation system to get around paying taxes. The people in my riding know that and it frustrates them. I suppose that is a reason why one of the best sellers of recent weeks has been a book indicating clearly how to get around taxes in Canada. It tells you how to find and take advantage of the loopholes. At this time of year it becomes almost a national preoccupation to be asking your colleagues, your accountant, and so on, how best to take advantage of Canada's tax laws.

I think one has to ask this question: Why is it Canadians are so anxious to avoid paying taxes? Why is it we are going out of our way and hiring myriads of individuals to police the voluntary taxation system of Canada, as the previous speaker indicated? Why is it that we are having this difficulty? Why is it people are hesitant to pay taxes? It is obvious. It is because of the unjust nature of taxation. People feel they are not being treated equally. Of course, they are also concerned with the way taxes are being spent.

One does not have to look far at all to see where that money is being spent. One has only to look at the topic which we will likely see emerging in the House in the next number of days with respect to, perhaps, tens of millions of dollars needed to conduct an advertising campaign to promote a certain viewpoint with respect to the constitutional discussions. That is the kind of thing which frustrates Canadians. Using hard-earned taxpayers' money in that way makes it difficult for one to rise to the challenge of the taxpayer. However, it is an unjust system and, presumably, this particular bill is an attempt to close off some gaps. It opens up some as well.

I still have some difficulty when I meet some of my constituents, particularly at this time of year, when people are filling

out their income tax forms. They ask me to justify why some people who have incomes in excess of \$200,000 do not pay any income tax at all. Why is that? Why do the members of the House of Commons perpetuate this particular system? I must admit, Mr. Speaker, I have a difficult time explaining that.

However, one could go on and on and indicate some of the problems associated with this particular bill. A number of my colleagues have done this, but I want to focus tonight on one particular area. That is the area of small business. All of us in this House would agree that high interest rates impose a relatively greater burden on small businesses than on large businesses. This is so, in part, because small business relies heavily on the chartered banks and other financial intermediaries for credit. Small business does not have access to the range of financing alternatives which large corporations have.

As record high interest rates began to take their toll in 1979 by pushing small business bankruptcies to post-war record levels, the Conservative government of Mr. Clark proposed interest rate relief through the Small Business Development Bond introduced in Mr. Crosbie's budget of 1979.

The Liberals promised lower interest rates during the 1980 election campaign. Again, true to their track record and to their word, they saw to it, once they were elected, that interest rates were raised even higher than the Conservatives would have raised them. Small business bankruptcies in the first nine months of 1980 rose 18 per cent over the corresponding period last year. But the value of the liabilities involved in these bankruptcies increased 28 per cent, to \$560 million. However, this, of course, is only part of the story; the level of official bankruptcies do not take into account those thousands of instances involving thousands of individuals who are no longer able to make ends meet, quietly closing their doors and going out of business without going through the formal bankruptcy process.

● (2130)

In addition, the official statistics fail to account for the social strain business failures place on the general health and well-being of our Canadian communities. Under increased pressure from the business community and lacking a coherent policy of their own, the Liberal government dusted off Mr. Crosbie's Small Business Development Bond proposal for Mr. MacEachen's April 21, 1980, economic statement.

When the finance department, however, began formulating the details of Small Business Development Bonds, they discovered in June, 1980, that financial institutions held approximately \$16 billion in existing small business debt, debt that would qualify for the interest rate subsidies through this new program. If rolled into Small Business Development Bonds, this alone would have meant a loss of somewhere between \$500 million and \$600 million to the federal treasury. With the federal deficit running at over \$14 billion, as the previous speaker indicated, the Department of Finance could hardly view with enthusiasm a further massive loss of revenue to this degree.