

Income Tax Act

per cent for development wells. But ultimately that grant will be taxed.

I do not believe that small oil companies, whether they are Canadian or otherwise, can compete with multinationals which have marketing distribution facilities and a capacity to absorb this kind of up-front expenditure. I urge the minister and the government to take a close look at the kind of incentive which is being taken away. I am not arguing that some incentive ought not to have been taken away because the oil depletion allowances were probably overly generous. However, in this case the government is trading the devil for a witch. In a situation like this we will see a counterproductive atmosphere come into the development of the search for petroleum resources; small companies cannot compete.

I have an observation that I wanted to bring to the minister's attention on different occasions. It seems to me the attitude of some auditors and officials of National Revenue could stand some scrutiny from the top. We have all had complaints from constituents, some of which were ill-founded and some of which were based on a sense of persecution which, upon reflection, were really not warranted. Nevertheless I am firmly convinced that officials in National Revenue have become rather arrogant and rather insensitive. They are not exhibiting the same sense of being truly helpful. They do not seem to realize they are the servants of the people of Canada, as they used to be in years gone by. I have watched their work habits. I have watched things that have happened in my constituency. Taxpayers have been forced into litigation. Businesses have been menaced because of what I say, respectfully, is a rather arrogant and perhaps pointless insistence on the letter of the law. With a little discretion and understanding some of these businesses and people could have been saved a great deal of trouble. Indeed, the government would have benefited in the end by collecting more tax revenue.

I think there is something to be said for taking a look at capital gains on securities, in the same spirit as the government is looking at registered retirement savings plans and other benefits to help Canadians save and to prepare for their retirement. There is something to be said for treating the holders of securities of Canadian companies a little differently when it comes time to assess them on capital gains.

I know, and so does the minister, of some companies which encourage their employees to buy stock, sometimes by payroll deductions. Sometimes investors will deliberately buy stock in Canadian corporations for some other reason. Yet these people who go to the bank to borrow money to invest in Canadian companies, are treated exactly the same when they come to sell their securities as if they had shares in American Telephone and Telegraph, or in some other corporation which had no connection with Canada at all.

I would advance the proposition to the minister that if a Canadian can show that he is buying securities in a Canadian company for some worth-while purpose, such as for retirement or to put his children through university, and demonstrates this fact by holding those securities for a period of time, five or ten years, to indicate that he is not a speculator, he should be

treated differently from someone who buys 100 shares in an industrial company only to sell those shares in a week or so to make a quick capital gain.

● (1640)

I think that capital gains taxes can be useful and equitable if applied with a little subtlety. To use another metaphor, they could be used like a scalpel instead of a blunt instrument. When it comes time to examine the tax options, to Canadianize, if we are going to use that word, certain sectors of our economy, we should not overlook the incentive that could be granted by using capital gains tax in a different way, to allow Canadians some tax relief, provided they are prepared to divert investment which might have gone into United States stock exchange or offshore to somewhere else in Canada. If they keep their investment in this country, they should be given some recognition and more important, tax breaks for doing this.

I recognize that the government is in a difficult position. It needs all the revenue it can get. It is very easy for us to make suggestions to it which involve saving money on the one hand and spending it on the other. Sometimes we are inconsistent in this regard, and I will be the first to admit that.

However, there is a great opportunity, if we look at the priorities and not fall into the trap that some Scandinavian countries have experienced. I read recently that The Netherlands is also coming to grips with this depressing reality. They have gone about as far as they can go in certain European countries with social programs they have begun since the last war. The next social crunch, if I may use that word, will be when people are suddenly confronted with the realization that they cannot go any further. Such a large amount from the budgets of those countries is being spent on the distribution of social benefits that there is not enough left for creation of the kind of wealth that has to be created, if they are going to continue distributing these kinds of benefits to their people.

One day in this House the hon. member for Broadview-Greenwood, as they say in vaudeville got off a pretty good line. I believe the hon. member for St. John's West was finance minister at the time. He said he had heard of Keynesian economics, pre-Keynesian economics, and now he was looking at pre-Cambrian economics. At the time I thought that some of the things the NDP were espousing were into another kind of economics called the Alfred E. Neuman version, the "What, me worry?" economic theory.

Mr. Sargeant: We are not worried about you, Elmer.

Mr. MacKay: You read *Mad* magazine too. I believe we are coming to a point in our fiscal and financial considerations in this country where, if we are not more selective with what we do, if we do not divert more of our energy and money into departments that create wealth and give Canadians incentives to do something for themselves and our country, and less incentive to stay home and use the social programs to get by, we will continue to sink in terms of relative prosperity in the world.