

federal abandonment—Reply to provincial requests for delay; the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Regional Economic Expansion—Inquiry as to signing of agreements with Nova Scotia.

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● (4:40 p.m.)

## BUSINESS OF THE HOUSE

### ANNOUNCEMENT OF OPPOSITION DAY

**Hon. Allan J. MacEachen (President of the Privy Council):** Mr. Speaker, on a point of order, I felt hon. members might wish to be aware that we propose to call an opposition day for Thursday. I thought it would be a good idea to announce this information to the House.

**Mr. Knowles (Winnipeg North Centre):** You did very well, speaking from this side of the chamber.

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## INCOME TAX ACT

The House resumed consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Honey in the chair.

**Mr. Noble:** Mr. Chairman, in speaking to Bill C-259 I intend, first of all, to make a few preliminary observations. When this government took office three years ago there was a mood of excitement and curiosity in the country at large. I am sure none of us were immune to that mood. Post-Centennial Canada was to witness an apparent turning of ways. In the Liberal party a new leadership had materialized, a new style, a whole new government. Or so it seemed. There were new phrases in the air—participatory democracy, the just society, co-operative federalism, the new politics. Well, these weren't really new phrases, they had been in current use for some time. The difference was that they were being used as techniques on the political platform, and this gave them an aura of newness and mystery. Of course, we were all curious to see how those phrases would be turned into action. And here we are, Mr. Chairman, three years later, debating a bill on tax reform, a bill which grew out of a white paper which showed that the government had fumbled and failed in its attempt at participatory democracy. This bill cannot be described as reform because it does not aspire to a just society, it merely covers up for a few years some of the more glaring injustices which now exist. It is a bill so difficult to read and so secretive in its intentions that it smells of the rankest of the old politics. It is a bill which flies in the face of even the least generous concept of co-operative federalism.

Since other members of the committee will be addressing themselves to many different aspects of these issues, I shall confine my remarks this afternoon to the subject of federal-provincial relations. Of course, I do not mean to imply that these are separate issues—they all hang together as a cloak of this government's arrogance. But for the

## Income Tax Act

sake of emphasis, I would like to highlight certain aspects that are of particular importance to the provinces.

With its assault on the nation's economy over the past three years, the government has not only aggravated the condition of the provincial economies, but has seriously constricted their ability to solve their problems. Every time the federal government puts its leaden foot on the economy the provinces must pay the cost through increased welfare payments. It is indeed shocking, therefore, that this bill should give so little deference to the provinces and the dire economic straits into which the government has thrown them.

The need to co-ordinate federal tax policy with provincial and municipal taxes is becoming increasingly urgent. The rate of municipal and provincial expenditures combined is growing at a much faster pace than those of the federal government. It is no longer good enough to dismiss flippantly the discrepancy between provincial revenues and expenditures by saying that the provinces can simply raise their own taxes to make up the difference.

In the first place, if this government is truly concerned with a more rational and just system of taxation, it must face the fact that all taxes ultimately come from the same taxpayers. In the second place, apart from income tax, provincial revenue is raised from far more regressive sources. Increased sales and property taxes fall heavily on those low income groups the federal government so piously pretends to help. In the third place, every time the government amends the federal structure of taxation, provincial revenues are immediately affected. It makes only good sense, economically and politically, to consult with the provinces and co-operate with them on the issue of taxation. Why, then, Mr. Chairman, has the government failed to do so?

Perhaps the federal government is not concerned about driving the provincial governments to the point of exasperation at which they will have to set up their own independent tax systems. It would be a good election issue for the Liberal party which sees itself as the only vehicle of national unity. After allowing balkanization to take place as a result of its own callous neglect, it could argue before the Canadian electorate that it would put the provincial governments in their places.

The former premier of Ontario, John Robarts, has charged that the new legislation on tax reform shows no regard for the position of the provinces and municipalities in the total tax picture. He has called for a fully integrated and co-ordinated package of tax reforms and social security reforms. Such a program would take time and care to accomplish. It would also take courage, not because the provinces are unwilling to negotiate, but because the Minister of Finance would have to reverse his attitude of stubborn pride in his past accomplishments. We in the Official Opposition hope to give him every opportunity to adopt a more open-minded attitude.

As the Leader of the Opposition pointed out on September 14, the fiasco of the white paper originated in the peculiar stubbornness of the Minister of Finance in refusing to change his mind. We urge him not to repeat that error. Quebec's minister of revenue has asked the federal government for more time in which to refine the Quebec provincial tax system before the federal proposals