

*Income Tax Act*

the amendments to the Income Tax Act fall into one or another of three categories. The hon. gentleman mentioned four, but one of those concerned certain very technical amendments, so I think we are both right. I do not think many hon. members would seriously question the desirability of plugging loopholes in the act. The proposed amendments which are designed for this purpose come into the first of the three categories I have mentioned. Points of detail have been raised and I will attempt to deal with these when we come to the particular clauses in the bill. But the hon. member for Digby-Annapolis-Kings mentioned one item in particular, an amendment designed to stop what is known in the trade as dividend stripping. I am delighted to hear that the hon. gentleman is a member of the trade and that he has some knowledge of this particular operation.

**Mr. Nowlan:** We also employ consultants to give us taxation advice.

**Mr. Gordon:** You would do better if you employed accountants. Anyway, it is easy to say: Do nothing about blocking this particular loophole, because there is disagreement as to the best way of approaching this problem. It is easy to say in this particular case that it is unwise to place discretion in the hands of the Minister of National Revenue. It is very easy, as I said a minute ago, to do nothing. But this is an area where very large sums of money are escaping taxation. We do not know when the report of the royal commission on taxation will be ready. We do not know what the commission may suggest as a means of dealing with this problem. We do not know what the reaction of the Canadian Bar Association or others may be to the proposals which the royal commission may make. Therefore, it seems to me that in the meantime we have a duty to stop what has been going on in a wholesale fashion. Not only do I make no apology for this particular amendment; I say it should have been introduced long ago.

The second category of amendments deals with incentives designed to increase employment, especially in areas of slower growth. I was pleased that the hon. member for Digby-Annapolis-Kings should have referred to the speech made the other day by my hon. friend from Northumberland (Miss Jewett). I thought hers was one of the best speeches I have listened to in this house. It was thoughtful. It showed that a great deal of research had been done. And it was not dogmatic in any way. My hon. friend pointed out on that occasion that there are a variety of ways of providing incentives of the kind now under

consideration. She indicated that many different ways had been tried in other countries and that no one pretends that any particular formula is perfect. She suggested, if I recall her words correctly, that it is better to try to do something and then, if abuses are found, or if it is found that the formula can be improved, to correct the situation than it is to wait indefinitely in the hope that somehow or other somebody will come along with a perfect formula.

I was surprised that the hon. member for Digby-Annapolis-Kings should suggest or imply that he was not in favour of the kind of incentives which can influence the location of new businesses and factories in areas of slower growth. Because one of the things we hope to accomplish by these amendments is to encourage industry to locate in the part of Canada which the hon. member represents and which everyone in the house knows has lagged behind the rest of Canada in economic growth and development.

**Mr. Nowlan:** Mr. Speaker, on a question of privilege, the hon. member was speaking of days when he was a tax consultant in Toronto. Nova Scotia is not now lagging behind; it is leading the rest of the country.

**Mr. Gordon:** If the hon. member is serious, I wish he would go to Sydney and Cape Breton and make that statement.

**Mr. Nowlan:** I have made it. I doubt very much whether the Minister of Finance would dare go to Sydney, in view of what he said about expelling people from the maritimes so they could get jobs elsewhere.

**Mr. Gordon:** Well, let us come back to earth. I do not believe that remark was very helpful. I have been to Nova Scotia many times to answer that kind of charge, usually made, if I remember correctly, by the hon. gentleman's seatmate.

**Mr. Deputy Speaker:** I might be allowed at this point to mention to the minister that at this stage of the debate he cannot attempt to reply in general to the comments and speeches made so far. My understanding is that at this point he is referring to the specific amendment proposed by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), and that is all. If he were making a general reply to contributions to the debate he would close the debate, and I would have had to warn the house that he was closing the debate. I assume other speakers would want to get to their feet, so I suggest that his comments be limited to the advisability or otherwise of adopting the proposition made to the house by the hon. member for Digby-Annapolis-Kings.

[Mr. Gordon.]