

*Taxation Reform*

some changes but continuing the privilege none the less.

We think this also makes the white paper inequitable and unjust. In judgment of these concessions to the mining, gas and oil companies he had not only to say what I have read, he also said this:

I would think the next thing to consider is, who is going to benefit from these tax concessions contained in resolutions 6 to 10? Foreign control and ownership of this industry has been increasing and this legislation, I submit, will do nothing to discourage foreign ownership and encourage Canadian ownership. In this particular type of industry you have to go into the business wholeheartedly and operate in a big way to make a success of oil and gas exploration and development. Permitting other Canadian interests and industries to dabble in this type of activity is no way to ensure the expansion of Canadian investment in this field.

This was the Minister of Finance talking seven years ago. The same thing is true today. The same widespread foreign ownership and control exists today as existed in 1962, and the same foreign multi-national corporations will benefit from the tax concessions which he continues in his white paper. He condemned them then. He has either changed his social outlook for the worse, which I imagine is what has happened, or he has forgotten what he said in 1962, because there is nothing to justify a continuation of these tax concessions amounting to hundreds of millions of dollars a year to foreign owned and foreign controlled corporations at a time when the reserves of oil and gas are already far higher than needed, and when the industry is over-capitalized on almost every basis of calculation or consideration. So, we say that the white paper falls down on the basis of equity on this point as well.

We are very concerned about the fact that there is no limit suggested in the white paper in so far as the deduction of advertising expenses for tax purposes is concerned. We are concerned about that because we are concerned about the total effect of modern advertising in the North American world in particular, and perhaps throughout the world.

● (3:00 p.m.)

We are concerned about the immense power which the corporations now have, not to respond to the market but to control it, not to meet the needs of the people but to create unnecessary wants, not to respond to what the people of this country really need and desire but to distort and pervert the social objectives of society. That is what modern advertising in the large means and does. Yet

[Mr. Lewis.]

the corporations will be able to continue spending as much in this field as they like and will have 50 per cent of it paid by the federal treasury. That is what it amounts to, if they deduct it from their income for tax purposes. Then, of course, we the taxpayers take a 50 per cent loss in the federal treasury in respect of the amount the corporations have deducted. I submit that this, too, is an indication of the kind of social philosophy, the sort of social objective which has motivated this government and the Minister of Finance.

If people have heretofore been misled by talk about this government being progressive and small "l" liberal, I hope from now on that because of this white paper, the failure of the government to deal with price increases and the inequitable measures in our tax system, no one will have any illusions about progressivism, small "l" liberalism or anything else worth while in the 1970s in this country. I hope no one in Canada will be fooled by the tendency of the Prime Minister (Mr. Trudeau), repeated again and again by other spokesmen, to talk in generalizations about the need to adapt to change, merely talk instead of action. I hope these things will become clear to the people of this country.

Other members of this party will deal with the capital gains tax and other points on which the white paper displeases us. I do not have sufficient time to do so, except to say we are dissatisfied with the capital gains tax; we think it is inadequate in the circumstances. I will leave this subject to my colleagues, particularly the hon. member for Waterloo (Mr. Saltsman), to deal with in greater detail.

In the time remaining to me I wish to turn to the subject of public versus private goods. I would point out that the white paper continues the practice of promoting and encouraging the creation in this country of private goods and services, of promoting and encouraging the kind of economic development which creates a plethora of unnecessary private goods competing with each other for no other purpose than to make the corporations producing them richer and more powerful. This produces a disincentive in raising the funds that are necessary to provide the public goods and services of this country. A good many people believe in the present order of society because of the talk about the benefit of private enterprise—if it exists—and of free enterprise, which I know does not exist in the modern economy.