

*Income Tax Act*

as much money as they like and they will be taxed at the rate of 50 per cent, 75 per cent or 150 per cent on capital gains but get no relief in respect of succession duties, and you will see what little faith they have in this argument. If you try to become elected there against our promise that they will pay nothing when they leave their property to someone else, you will lose. Even if you were elected you would not have enough to pay the salaries of the ministers who are elected because there will be no one left in the province to pay the taxes.

● (9:20 p.m.)

So be realistic. If you are going to talk, try to talk a little sense. If you want to put on an estate tax, then suggest what the capital gains tax should be and what the estate tax should be and then tell us what it will do to people who have worked hard all their lives in order to pay the tax. Your Premier asks for heavy taxes to help Manitoba be a good province. I have nothing against the Premier. I just say to you, "Be consistent; tell the same story in this House that you tell in Manitoba and we will all be very happy."

The amendment I referred to earlier may have some bearing on the budget, but unfortunately we are not talking about the budget. We have already talked about the budget and have adopted it. The budget created a shift in monetary policy which has caused Canada to drastically expand its rate of growth. All we need do is look at the figures of OECD which indicate that prior to what happened last month Canada was coming out of whatever problems it was in and had attacked them in the right way and was on the right side.

**Some hon. Members:** Oh, oh!

**Mr. Osler:** You can laugh if you like. We are considering here a new tax policy designed to rationalize the tax system and introduce greater equity into it. Rationalization and equity have been achieved by the new deal for individual citizens, as I have pointed out. It may be suggested it is much nearer equity than anybody has proposed before.

**Some hon. Members:** Oh, oh!

**Mr. Osler:** You can laugh, but let us see if anybody could make your system work. It was tried in England and in New Zealand, where it was thrown out. We do not need it here. We have had an opportunity to see how it works. If we were talking about a clause by clause analysis of this bill I would not be competent enough to speak because I am neither a tax expert nor an economist. However, we are talking about the bill in general at the moment.

When considering tax reform—and this new bill is just that—we must consider one aspect of that subject which I feel should be looked at when we are involved in the clause by clause study. I refer to the regional aspects of tax reform. We need to bring in tax concessions to encourage high employment industries in the slow-growth regions. As an example I refer to the Prairies. Manitoba has solved its unemployment problem, relatively speaking, by emigration. Between 1961 and 1966, 30,000

[Mr. Osler.]

left as a result of emigration and, tragically, 11,500 of these were between 25 and 44 years of age. I could recite other figures, but I did not bother to look them up on this occasion; I have previously placed them on the record. Surely this is the wrong way to solve the unemployment problem. It is certainly not an example of the equality of opportunity for which this government stands. So far as we from Manitoba are concerned, it is not equality of opportunity to send our young people away in order to keep the unemployment rate down, and it is not good for Canada as a whole.

I point out that 44.5 per cent of the Canadian-manufactured products used on the Prairies come from Ontario and Quebec. Flowing the other way, only 1.9 per cent of the Canadian-manufactured products used in Ontario and Quebec originate on the Prairies. This represents a whopping 14.4 per cent of all Prairie-manufactured goods. In other words, the markets of Ontario and Quebec are very important to us. We are in a unique position. Our second most important market is the central part of Canada. So when you talk about DREE and the shift to manufactured goods, you are talking about a shift to manufactured goods which in the Prairies at least depends on the well-being of central Canada for a market. I submit that we on the Prairies are vitally interested in the economic well-being of the central region of Canada.

**An hon. Member:** You are reading.

**Mr. Osler:** I did not read that. If Canadian policy allowed us to grow, as Canadian policy reputedly does, we would be able to buy from the central part of Canada more than the measly 6.4 per cent of the manufactured goods that we presently buy. Traditionally, we were supposed to be a captive market for the east. We do not now mean as much to the central provinces in terms of a market because they are interested in world trade. We mean very little to them, but they mean a great deal to us as we enter the manufacturing phase. Generally, we must have conditions which encourage the purchase in Ontario and Quebec of our manufactured goods. Of course, the big employer is found in the consumer services, but these in turn must feed on secondary manufacturing to reach a take-off point of their own and it is the secondary manufacturers I am humming away at tonight. We are nowhere near a take-off point yet and we need regional taxation policies that will help us get there.

The Prairies are the only region where the primary sector exceeds the secondary, commodity sector in labour force size. Within the Prairie region those engaged in agriculture represent 18 per cent of the primary sector, despite a decline in the farm labour force. This is a far larger percentage than anywhere else in Canada. Since agriculture still dominates our area, and since the agricultural labour force is declining, the labour force on the Prairies is bound to show less rapid growth than in other regions, despite the fact that we are shifting over to manufacturing and that we are doing everything we can to keep people from emigrating.

Though the percentage of total employment in service industries is comparable to that in the rest of Canada,