

Taxation Reform

What is this white paper? What is it all about? It is as I have described it—a red manifesto; white pages with a red cover. It is not a tax doctrine but, rather, a policy which if adopted would change the whole democratic process in this country. In ten years, if carried out, it would take over the property of our people together with the means of production as effectively as if it had been done by revolution. In my opinion, it smacks of totalitarianism.

Consider the position of the small businessman, the small corporation or the motel operator in one of our urban centres or in one of the national parks. His tax in the past has been 21 per cent on profits up to \$35,000. The money he leaves in the company is used to enlarge the business in order to better serve the needs of Canada. Under these proposals, 50 per cent of that income would go to the government. Let us suppose that in order to comply with parks regulations or urban planning directives he is required to embark on new capital expenditure. How is he, in these circumstances, to raise the money required? Both the Governor of the Bank of Canada and the Minister of Finance have told the banks to tighten the money supply. What will be the consequences of this? The smaller enterprises to which I have referred will no longer be able to serve industry effectively, productivity will fall, and unemployment will reach even higher levels than those which exist today.

What will happen to the farmers and the ranchers if this proposal for a capital gains tax is adopted? Every five years, if the present trend of inflation continues, a farmer will have to raise money to pay this tax.

Mr. Benson: I wonder whether I might ask the hon. member a question; I am sure he would not want to be wrong about his facts. The five-year revaluation applies only to shares in public companies.

Mr. Woolliams: All right. But the minister has not told us what will happen to those farmers who own farms upon which they are not living—farms which are held, in some cases, as investments. Production in Canada is not based on the amount the government spends but on the development of our resources and services.

This paper endeavours to lull the average taxpayers into its acceptance by holding out the prospect of reduced taxation. There is talk of increased exemptions, but their benefit is likely to be destroyed by the effects of

[Mr. Woolliams.]

continuing inflation. In my opinion, the only fortunate thing is that the government itself will, in my opinion, be destroyed before Canada makes the mistake of carrying out this plan. The hon. minister reminds me—and I hope he will not take offence at this—of a small town bookkeeper. When he tells us that 750,000 people will be taken off the tax rolls, I say to him that this is a false statement, that he is using a pernicious argument. I seriously challenge his figures and trust knowledgeable financial journalists at all levels will not only question the basis of this vexatious argument, but explode it. Let us not gobble up the dogmatic, uneconomic dogmas of this little bookkeeper. If the tax saving to the average taxpayer amounts to between \$15 and \$20 a year, how are those presently living at the poverty level to be assisted? All this confirms the minister's statement that he believes people can live on \$30 a week. What fraud! What hypocrisy!

I turn now to the effect as far as the provinces are concerned. We have all heard of those conferences at which provincial premiers meet with leaders of the federal government, and are familiar with complaints that the federal government has, in effect, changed the nature of the constitution by altering the financial set-up and the relationship between itself and the provinces. Whether it applies to medicare or to any other cost-sharing program between the federal government and the provinces, the result is the same: the central government thrusts the program on the provinces, says it will pay its share and then leaves the provinces to bear the financial burden. If the minister is right in saying that the average taxpayer will pay less in federal taxation he is, in effect, saying that the provinces, which have to bear the burden of such items as medicare, will be forced to impose higher sales taxes in order to meet their obligations. Municipal taxes will also increase. So, the average taxpayer will have to pay more, in the over-all picture, even if his income tax does not increase.

I maintain that the position of the provinces and of the municipalities has been overlooked. The minister has not taken into account the effect of these proposals across the whole board. I agree with the hon. member for York South (Mr. Lewis); the fact is that the effect of removing 750,000 people from the tax roll does not amount to \$1 billion. He can shake his head, but he did not deny it on Friday and he cannot do so today.

Mr. Benson: I do deny it now.