

Borrowing Authority Act

I want to suggest some proposals from this party of a positive nature to address these problems. They really come in two or three parts. The first is that we need to have a new system of accounting, a new system of public accounts and a new system of budgeting which makes a distinction between investment and current spending and allows the government to say it is investing in a given area, be it energy, as mentioned by the hon. member for Mississauga South, in industrial restructuring funds, or in training of manpower—because investment in human capital is just as much an investment as investment in any other form of capital if you think it is going to give you a return.

On the spending side, government should look very carefully to determine what are those sources of spending which are purely and simply a drain, and which are completely unproductive. Those are the items of expenditures and of spending where we must be determined.

Ironically, one of the ways of closing off those items may be in fact to increase investment. Let me give an example. The oil import compensation fund, the minister has told us, is going to cost us \$3.6 billion. With that amount of expenditure—it is a drain and there is no question about that—we have a subsidy which is increasingly large and on which we have to put a handle. I think everybody recognizes that fact. However, finding a handle and reducing that current expenditure can only be done if we invest on the supply side, if we invest in alternative forms of energy and if we invest in urban transportation in such a way as to reduce our reliance on oil, be it Canadian or foreign, but especially foreign oil.

That is why it is that an increase in investment may be necessary in order to decrease the current expenditure we see as not productive. We also argue on the current account side that the government should establish what we call a national heritage account for renewable and non-renewable resources in order that Canadians can see exactly what resources we now have, what resources are being depleted and how they are being replaced, if indeed they are being replaced at all.

We can no longer as a country go on simply exporting from one end of the nation to the other resources which in many cases are not replaceable, without having some sense as to how it is we are using the revenues from these sales in order to generate alternatives and in order to generate our industrial base.

There is also significant room, in our view, for changes on the revenue side. Twenty-four Canadians in 1977 who earned more than \$200,000, according to the government's own statistics, did not pay a single penny of income tax in that year. They should be given an award. We would call it the "golden loophole award". It is an award we should be giving on an annual basis. This year we want to make that award to those Canadians and their accountants who have, in a sense, robbed the rest of the Canadian public, because when those people are not paying any taxes other people are paying more. When 520 Canadians who earn more than \$50,000 are not paying a single penny in tax, it is the average Canadian who is earning between \$10,000 and \$15,000 whose rates will have to go up.

Mr. Knowles: Highway robbery.

• (1630)

Mr. Rae: Therefore, we are suggesting that this House establish a permanent committee on tax reform to close those loopholes. I urge the minister that in the budgetary process he give every consideration he can to see that there is a closing of those kinds of grotesque abuses which make a monkey of our tax system. I believe it was Oliver Wendell Holmes who said that every time he paid his taxes he liked to think that he was buying a piece of civilization and that the annual process of paying his taxes was for him one of the sign of being a civilized man. I do not know how we can say that in our present society.

We have a government which does not distinguish between different kinds of spending. We have 224 Canadians earning nearly a quarter of a million dollars apiece who do not apparently want to buy a piece of civilization because they think that they can buy it on their own.

We are also arguing that the government should consider the reimposition of a national tax on Canada's wealthiest estates, an estate tax which would exempt transfers between spouses, family farms and small businesses, but would concentrate on the fact that we have the greatest concentration of corporate wealth and private wealth in our society that we have ever had. The concentration of wealth in Canada is greater today than it was ten years ago, and ten years ago it was calculated that as a result of the decision to eliminate death duties this Liberal government gave a windfall benefit of \$4.5 billion to Canada's wealthiest citizens.

It is a tax which, if reintroduced, would reintroduce Canada into the western economies. There is one state in the United States, Nevada, which does not have a death tax. In the western world there is one country, Canada, which does not have a federal tax on estates, gifts and bequests. The revenue implications of something which concentrates on Canada's wealthiest and most privileged elite may not be great. I know that many provinces abandoned the succession duty field because the revenue implications were not that great. Only Quebec is involved in that area now.

In this concept of paying for civilization, every citizen must have faith in the tax system and the feeling that he is not being taken advantage of. That, it seems to us, is a critical tool. One could go on about the changes in the corporate tax system. Our resource taxes have been so depleted by the abuse of the capital cost allowance by the government—not by the companies—by the abuse of the super-depletion, by the abuse of the investment tax credit, that we have now effectively reduced the rate of tax for our largest and foreign-owned resource companies to less than that of a Canadian small business which is in the 25 per cent bracket.

We started under Carter at 50 per cent. We went down to 46 per cent. The banks are now down to 18 per cent. The oil companies are down to under 20 per cent. The average Canadian pays taxes at a higher rate than that. I think it is lunacy when the average guy with a family of two, earning \$15,000 per year, pays higher taxes than an oil company or