

*Taxation Reform*

it has obviously also been kept in mind that income tax is imposed in order to raise revenue, and revenue that is lost must be replaced. This fact was lost sight of by the hon. member for York South (Mr. Lewis) and by his hon. friend for Broadview (Mr. Gilbert) when they suggested that provisions to relieve poverty ought to be introduced right away. Similar problems are now being encountered in the United States. Some very interesting tax relief measures have been introduced in the United States lately, but the over-all tax base has been reduced without thought to the importance of maintaining government revenues. This irresponsible attitude on the part of legislators was criticized in yesterday's *New York Times*. While American problems are different from ours, I think it would be useful if I read a few sentences from this very relevant editorial. It reads in part.

What Congress never likes to think about in such bursts of generosity is the expensive and lengthy agenda of unmet national needs clamouring for governmental attention and action. Hundreds of billions of dollars are required in the next decade or so to do what is even minimally essential in rebuilding the nation's cities, cleaning up the polluted air and slowing down, if not actually reversing, the forces that are converting the nation's rivers and lakes into open sewers.

On every side the American people are surrounded by dismaying evidence of urgent and unsatisfied priority requirements which can be met only by large-scale government expenditure dwarfing any in the nation's history. These needs are so great that even an end to the Viet Nam war, if it comes soon, will not free nearly enough money for the tasks ahead.

I think therefore, that the question which businessmen should be asking themselves is not simply what the government can do in the way of tax reform to encourage the development of a bigger gross national product so there will be more for all of us, but how can we do that while meeting the tax bill for an extra half billion dollars a year, which will result from the sweeping proposal for tax relief at the bottom of the income scale.

One way of filling the gap is by eliminating the unequal tax treatment of individuals who are basically in the same economic circumstances. The man whose economic well-being is derived from capital appreciation is put in the same boat as the man whose income comes from his employment. The man who has been able to shield his income in a corporation is put in the same position as one who could not or did not do so. The man and woman, particularly the working woman—

**Mr. Speaker:** Order, please. I regret I have to interrupt the hon. member, but we are approaching four o'clock and before proceeding further with this measure I thought I should bring to the notice of hon. members that I have had an opportunity to study the amendment proposed to the House by the Leader of the Opposition (Mr. Stanfield) and seconded by the hon. member for Peace River (Mr. Baldwin).

The hon. member for Peace River has been informed through the usual channels that the Chair has serious reservations about the admissibility of this motion, on procedural grounds. It should not be debated for some time and then ruled out of order, so I think a decision should be made one way or another at this time and the hon. member for Peace River should have an opportunity to make a case before any ruling is made. In fairness to all concerned, I invite the hon. member for Peace River to indicate his views on the question. I am sure he is aware of the difficulties in connection with the amendment.

**Mr. G. W. Baldwin (Peace River):** In addition to the fact that I seconded the amendment, Mr. Speaker, there are other reasons for its validity. I call to Your Honour's attention, first, the provisions of Standing Order 68 which are to be found at page 71. That Standing Order provides that standing committees shall be empowered to examine and inquire into all matters referred to it by the House, and to report from time to time. Your Honour is well aware of that rule, and we start on this basis. While the motion standing in the name of the Minister of Finance (Mr. Benson) does not mention anything about a report, the right to report is inherent; it is possessed by all committees by virtue of this standing order.

● (4:00 p.m.)

The report that the committee is being directed to examine is that referred to by the terms of the motion of the Minister of Finance, which reads:

That the white paper entitled *Proposals for Tax Reform*, tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Therefore, Mr. Speaker, I suggest you must read into that the words "and that the committee do report to the House in respect of this particular term of reference." What is the committee going to report? Is it going to report that we have examined this 91 page document; that the committee has looked into