

INCOME TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from earlier this day the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-191, to amend the Income Tax Act.

Hon. Allister Grosart: Honourable senators, I am sure that nobody in the chamber envies me the assignment that I have, under our way of doing business here, to make the first response from this side of the house to the presentation of Bill C-191, an act to amend the Income Tax Act, made this afternoon by Senator Hayden in such brilliant and exhaustive terms but nevertheless in a way that we would all agree was lucid and perhaps even understandable.

When I heard Senator White refer in the discussion of a previous bill tonight to Shakespeare, I thought that my position, following Senator Hayden's exposition, might be that which Shakespeare expressed, in another context, when he said:

To gild refined gold, to paint the lily,
To throw a perfume on the violet,
To smooth the ice, or add another hue
Unto the rainbow, or with taper-light
To seek the beauteous eye of heaven to
garnish,
Is wasteful and ridiculous excess.

It might be thought that it is "wasteful and ridiculous excess" to add any further comment to that which has been made by Senator Hayden. Nevertheless, there are some points in this bill which merit comment, even though he may have commented on them; and there are some other points on which, for one reason or another, he did not comment.

The first point which must have struck any honourable senator who has looked at the bill or who has heard Senator Hayden's exposition, is that we have here another of these omnibus bills. My own view is that this is a poor way to legislate. Omnibus bills confuse the specific issues which are dealt with, and they make it almost impossible to consolidate legislation readily and quickly.

In outlining the bill, Senator Hayden had to jump from one clause to another, trying to follow the trend of reasoning of the draftsman. For example, looking over the bill, I find that clauses 1 to 4 deal with the insurance aspect; clause 5 deals with children's allowances; clause 6 deals with the exemption of wheel-chairs and oxygen tents and other para-medical supplies, from certain taxes;

clauses 8 and 9 deal with old age security; clause 13 deals with the acceleration of corporation payments; clauses 15 to 26 bring us back to the insurance amendments; at clause 27 we are on the social development tax.

Honourable Senators, we have an excellent PA system here, but I had some doubt as to whether I would be able to be heard over the conversation that was going on on the other side so I thought it was only courteous of me to pause until the honourable gentlemen on the other side had finished their conversation.

Hon. Mr. Martin: You are perfectly right and I am the first who should apologize, for I was one of them.

Hon. Mr. Grosart: I was not really complaining, because I was sure that matters under discussion in that caucus were more important than the remarks I have to make. If I may, I will carry on with the strange odyssey of the subject matter in this bill. Clause 28 introduces some further insurance amendments; clause 29 deals with the withholding tax on royalties and then clauses 30 to 33 bring us back to insurance.

This makes it extremely difficult to follow the pattern of the Government's thinking in introducing this bill. One would almost say, as St. Paul said to the Philippians, that it is like the peace of God—it "passeth all understanding."

This bill introduces new taxes and new tax conceptions, eliminates exemptions, closes loopholes in taxation and brings new classes of corporate persons under the act and, if my analysis is correct, even puts the tax collector's foot in the door marked "capital gains tax." And I will have something to say on that in a minute.

The bill adds to the already terrific burden of taxation, and I am sure that the Minister of Finance and all those who are responsible for it are aware that we have now reached the point in Canada where government taxes are 47 or 48 per cent of total national income. Too often we are told by ministers of finance that the figure is only 35 per cent of gross national product. But gross national product is a very different measure of the money available to Canadians to spend than is net national income. It has been said that no country and no civilization has survived once its total taxes went beyond the point of 50 per cent of net national income, and we are very close to that now.

Is it too much to say that there is a degree of heartlessness in the present approach to