

Taxation Reform

According to the recommendation of the white paper, a married man without children earning the minimum wage, that is, \$2,600, would benefit to the extent of \$1.42 a week. Mr. Speaker, for such a person the white paper might just as well not have been written.

Some hon. Members: Hear, hear.

Mr. Thompson: The needs of this large section of the Canadian people cannot forever be ignored. It seems to me more regard should have been paid to them in the white paper.

I am concerned, too, about the impact of these recommendations on incentive and resource development. Do we really want to raise money in increased amounts for federal expenditure and federal government services, or should we not be acting to increase the productivity of this country?

An hon. Member: Both.

Mr. Thompson: Someone says "both". I maintain that until we increase the productivity of this country we cannot adequately do the other.

Mr. Saltsman: You cannot increase productivity until you do the other.

Mr. Thompson: Members to my left have got the cart before the horse, as far as I am concerned.

Some hon. Members: Hear, hear.

Mr. Thompson: We must ensure that productivity increases at a rate which enables us to afford the social services we need.

I was most impressed by the remarks of a man who commented on this white paper the week end after it was made public. The day after he had made this speech to which I intend to refer he was killed in an unfortunate plane crash in Labrador. I am referring to Donald McParland. The day before that accident, he said this:

"On first perusal, there does not appear to be a single proposal in any of the suggested tax reforms which would make Canada a more attractive place for foreign investment. The entire focus seems to be inwards and not outwards. It suggests we are contemplating our navel and ignoring the world."

Mr. Mahoney: That is a good one. I wish I had said that.

Mr. Thompson: He went on to express the thought:

[Mr. Thompson.]

"I feel the white paper has somehow missed the boat. At best it reslices the pie. The challenge facing Canada is to increase the size of the pie."

He stated further:

The government appears to feel that Canada's stability is attractive enough in itself to draw outside investment capital without the need for special incentives.

This has not been the case in the past, with the incentives available. We have never been able to attract enough money to do all the things in this country that we really need to do.

How can the situation possibly improve when we lower tax incentives and levy a capital gains tax?

The report continues:

He said provision of new jobs requires industrial growth which "is retarded by any negative impact on capital investment."

"Have we not the right to expect from our government some positive leadership in this respect?"

That is a very real question. The report then goes on to state:

The government shows a certain arrogance in its white paper statement that the government's need for money is so great that it cannot afford to reduce over-all revenues. "Has the time not come when the taxpayers of Canada should demand an effective answer as to why governments continue to require the annual amounts which are demanded from the taxpayers with such pious proclamations?"

Commenting on the proposed capital gains tax, Mr. McParland said:

In a mature or saturated economy certain arguments for such a tax are supportable. However, Canada is a growing, vigorous country and needs capital expansion.

I cannot but agree with those opinions. While I do not deny the justice in certain areas of a capital gains tax, the fact remains that our greatest need in Canada as far as increased productivity is concerned is the availability of sufficient capital.

Another criticism to which I shall refer briefly relates to the adverse impact the policies proposed in this white paper would have on incentives. The incentive to save which has been so characteristic of the Canadian people would be destroyed. Expedience will take over instead of thrift in personal management. Again, I wish to refer to an article which came to my attention today. It is the annual report of the Canadian Imperial Bank of Commerce. In the course of his address to the 103rd annual meeting of bank shareholders, Mr. Neil J. McKinnon, the chairman, made a statement which I propose to quote in part. He said:

The bulk of savings in Canada has been accumulated by the population in the middle income groups. The proposed requirement of payment of capital gains tax on equity securities every five years, combined with the estate taxes and onerous