

stand that there may have been a large public outcry in the circles in which he moves. I am sure there was a large public outcry in the circles in which the Liberal backbenchers move, because the biggest enemies of tax reform were the Liberal party.

I would remind hon. members on the government side that for an opposition party we were very restrained during the discussion of tax reform. There were many things contained in the Carter report that we did not like. There were also many things contained in the white paper that we did not like. But on the whole we thought it was at least a step toward tax reform and we tried to avoid excessive criticism of those reforms in the hope that perhaps this government would bring in some reforms. But, of course, the government did not need our criticism because their own backbenchers were "knifing" the minister every day in the House. When they were not knifing him in the House I understand they were knifing him in the caucus.

As I say, the reason we did not get tax reform was because those who have always "had it made" did not want it. Certainly it was not because of a large public outcry; it was because some people decided that equity in the tax system was not for them. So once again the Liberal party, rather than respond to the mass of people in this country, responded to this very small group who support them in office through their bagmen. I can find no other way to describe the situation.

Mr. Alexander: The only word you can use is bagmen.

Mr. Saltsman: Looking at this great volume one may well wonder what it is all about. There are close to 700 pages in it and it is a very imposing kind of document. If anybody ever digs it up 10 to 15 years from now they will marvel at the ingenuity of the government party that devised something that was so beyond the comprehension of even the tax experts of the country. I am sure it must be even beyond the comprehension of those who had to write the document.

We have a large unemployment problem in this country with over 6½ per cent of the population unemployed. But, Mr. Speaker, the Liberal party has ensured one thing: it has ensured that there will be no unemployment for accountants and tax lawyers. The government has guaranteed that these people will have enough work from this piece of legislation to keep them going forever, because it defies the mind of man to understand it.

I recently attended a number of tax seminars along with people who were experts in the field, and not one of them really knew what was in this legislation or understood its import. One of the reasons for the establishment of the Carter commission was that our tax system had become so complex and open to misinterpretation that it was felt necessary to find a way of evolving a tax system that could be readily understood not only by the experts but by the population of this country. That was one of the terms of reference of the Carter commission, quite aside from the question of equity and general fairness.

Instead of coming up with legislation that would have simplified our tax system, as the Carter recommendations

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would have, by including all kinds of income within the tax base, the government has so distorted, twisted, picked and plucked at the Carter commission as to make its report unrecognizable and the entire tax legislation even more unintelligible than it was before. This is quite an accomplishment. It took nine years and a great deal of expertise to accomplish this minor miracle of making what was already so totally bad even more so.

● (9:10 p.m.)

I sometimes wonder what the historians, political scientists or archeologists will think when they dig up this little document, this gift from the Liberal party to the people of Canada. What will they think about our civilization and the value judgments of the society of today? A tax system as much as anything else tells us what is important, what is not important, who gets rewarded and who gets punished.

The tax system outlined in this bill very clearly defines the philosophy of the government of today. It tells us, for instance, that the tax system will continue to be unfair as between the manufacturers of goods and the exporters of raw materials. It indicates that the privileges industry has always enjoyed and the privileges the mining industry has always enjoyed are to be continued, albeit in a new form, but no more acceptable than the old form. The point is, the tax system is still biased and loaded in favour of the development of raw materials against the development of the indigenous manufacturing industry.

When they dig up this document it will also show that this government did not think very much of public expenditures. It will show this government was convinced in its mind that any kind of private expenditure, however meagre or unsatisfying, was far more valuable than the roads we built collectively, than the parks we built collectively, and even far more important than the medical services, hospitals and other things which make life civilized in a society. Obviously, this government feels that private needs are more important.

If one looks at the measures proposed he will see there is an advantage to those who possess equities in private corporations as against those who buy bonds in government-financed projects. More important, the historians will see that this government has made a value judgment in respect of the ordinary man. They will find that the government has said to the ordinary man who works with his hands and his skills, "Your wages, your salaries and your income are not terribly important because every cent you earn is subject to tax. You are the people who will pay the entire shot in taxation on your income."

This applies as much to the university professor as it does to the man who works in the construction of a building. However, if one has capital, no matter how he has acquired it, he can invest that capital without working very hard and the income will only be subject to partial tax. Instead of a 20 per cent dividend tax credit he will receive a 33½ per cent tax credit. In addition, that capital gain will only be subject to half taxation; he will not have to pay the entire amount.

That is an important value judgment on this society; it shows that those who have money are far more impor-