

*Income Tax Act*

income tax purposes and they should be tacked on to the price of the goods involved. I believe that only in this way can we ever be certain that very important sources of non-cash benefits are coming into the tax fold. Apart from the unfairness involved in our present tax system, it kills a great deal of the potential efficiency in this country. Many of the tax privileges conferred on industries enable those industries to be less efficient than is necessary. The Carter Commission pointed out that one of the evil effects of the special allowances we have been granting to the oil and mining industries has been the promotion of a relatively inefficient structure. Far more capital has been invested in that industry than was actually necessary. Many of the investment decisions were being made for reasons of tax benefit, to avoid paying taxes, rather than because the industry required that amount of money.

• (9:20 p.m.)

I find it difficult to understand why in this period of our history, when we are supposed to be moving toward a somewhat more egalitarian society than we have had, a minister of finance would bring in such a regressive tax measure, a social development tax with a ceiling of \$120 on it. It has been suggested that the reason for this is that the minister does not wish to share his revenues with the provinces. This tax, then, is one way of ensuring that he does not share revenues with the provinces. If this is the case, then it strikes me as one of the poorest excuses for this kind of tax that could possibly be devised. One would think that the federal government was at war with the provinces of Canada. One wonders whether or not the federal government thinks the provinces are part of Canada. It is not that the provinces do not want to share the tax revenue with the minister. The minister knows full well that they are most eager to share this tax revenue, but the minister does not wish to do it.

Part of the philosophy that pervades the other side of the house relates to the fact they are not going to participate in raising taxes for provincial purposes as they have done in the past. It is going to be very nice for them. The Liberal party can go into the next election looking like a bunch of heroes. They have not raised the taxes too high, and they can throw the responsibility on the provincial legislatures by saying, "You be the bad guys. Raise the taxes, and incur the wrath of the public. It won't be us". I suggest this is a rather dishonest position for a government to

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take, particularly when it is quite obvious that in a country like ours it is easier for the federal government to raise taxes than it is for provincial governments. We know that there is a vast disparity of means and ability to raise taxes between one province and another. If the federal government takes the position that it is not going to assist the provinces in collecting their revenue requirements, the terrible disparity that already exists in this country will be increased. It is not worthy of the government to take this position for political reasons.

In conclusion, Mr. Speaker, I want to reiterate that the minister's assurance and sophistry will not convince one single Canadian that this tax is fair or just.

[*Translation*]

**Mr. Gérard Laprise (Abitibi):** Mr. Speaker, since I came to this house in 1962, I have learned to fear bills amending the Income Tax Act as much as budget speeches. I fear them because the amendments to the Income Tax Act have always been to the disadvantage of the Canadian taxpayer and have always contributed to get more and more money from the workers, the farmers, in short from those who need their income the most. Whatever the level at which taxes are levied, it is always the consumer who pays.

The amendment to the Act, namely Bill C-191, will contribute to cut once more the purchasing power of the Canadian consumer.

Every time the government introduced legislation to amend our tax system, specially in these last years, it claimed that it was to fight inflation. But as a result taxes increased and the cost of living increased accordingly. It seems that this inflation, this alarming increase in prices, suits the government because each time prices go up that means a new tax increase without the need to introduce a new bill or to announce it to the Canadian taxpayer.

Many taxpayers are unaware that each increase in prices means an increase in taxes.

Mr. Speaker, I want to give a rather striking example of these tax increases. I will take as an example the field of housing construction. In my area, Abitibi, in the fall of 1968, the price of frame-lumber, was \$96 per 1000 feet, plus the 11 per cent federal tax—\$10.56—and the Quebec provincial tax, over and above the federal tax of 8 per cent—\$8.52—for a total cost of \$115.08.

In the spring of 1969, the same product registered an increase of \$24 per 1,000 feet

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