

*Income Tax Act*

**Mr. Burton:**—except for some remarks of the Minister of Finance which provide the foundation for concluding that this tax should not be proceeded with at the present time.

The bill before us is being introduced in the shadow of the white paper on taxation. Hon. members will notice that I am not using the phrase "tax reform". It is a white paper on taxation, or on tax changes. The government would have us believe that it intends to reach this never-never land of tax reform. Some people may believe it is taking shape in some of the proposals placed before the House this session, but I predict that whatever proposals are put forward they will be worked over by a bulldozer before they become reality, a bulldozer manned by the economically powerful, even though some minor benefits may accrue to the Canadian people. The evidence is in the bill before us; this measure is one further step in perpetuating the present tax system.

The white paper admits that the present tax system is unjust. But instead of the government taking the attitude that it intends to do better in the future, instead of following the injunction "Go, and sin no more", tax reform is put off until some time in the future. It seems to me that if there is indeed a resolve to reform the tax system, the time to begin is now, first by not proceeding with the measure before us and, next, by introducing some of the minor items in the tax proposals which all members agree are to the benefit of the Canadian people. Instead, the approach taken by the government throws doubt upon the whole question of the firmness of its resolve to improve the system or to even hold the line put forward in the half-baked approach of the white paper proposals.

It is obvious that pressure groups have been able to get the ear of the government—groups which are economically powerful. They got the ear of the government even before the white paper was produced. My prediction is that these proposals will be further butchered before any enactment is placed on the law books of the country. One of my reasons for reaching this conclusion is the approach taken in the bill now before us. Some might consider this measure to provide for the extension of a tax. The fact is that when the government introduced it in the House of Commons about two years ago, it was made clear that it was to apply to 1968 and 1969. Those were the two years in which it was to take effect.

[Mr. Macdonald (Rosedale).]

Now the government has decided to apply a 3 per cent surtax in 1970. The bill is really the latest hoary chapter of a sad and tragic story of Liberal fiscal mismanagement and bungling. Like the hon. member for Edmonton West (Mr. Lambert), I took the opportunity to do some research; I read the record in connection with this matter. Some hon. members will recall that on November 30, 1967—before I came into the House—the then minister of finance, now Secretary of State for External Affairs (Mr. Sharp), presented a budget statement in which he said, as reported on page 4906 of *Hansard* for that date:

• (8:10 p.m.)

I come now to my tax proposals. My first proposal relates to the personal income tax. I am asking the house to approve a special surtax of 5 per cent on the amount of the basic tax assessed on an individual in excess of \$100. This surtax will take effect January 1st and would remain I expect until we have completed the transition to a slower rate of growth of expenditure or until economic and financial conditions call for a change in our fiscal policy.

I suggest that that last statement should be noted. The resolution was introduced in the House of Commons on December 14, 1967. Later, the minister introduced the bill in the House and on February 6, 1968, the measure came up for second reading. The remarks of the Minister of Finance in dealing with this important measure on second reading consisted of six lines. Then something happened that I suggest some members on the other side of the House will recall with a shudder. On February 19, 1968, the government's bill was defeated by a vote of 84 to 82. At that time I was viewing the situation from a vantage point outside this House, not being a member at that time.

**Some hon. Members:** Hear, hear.

**Mr. Burton:** But I am a member now, and I intend to stay here for some time. On the other hand, I suggest some of the members across the way will not be here very long. From my viewpoint outside the House at that time it seemed to me that the vote was a fairly clear indication of a lack of confidence in the government. Nevertheless, somehow or other the government managed to pull itself together and find a means of ensuring it would stay in office until a Liberal leadership convention was held; one was scheduled within a short time. The government must have had second thoughts on the matter somewhere along the line. I imagine it must