

*Income Tax Act*

Shall section 109 as amended carry?

**Some hon. Members:** Carried.

[*Translation*]

**Mr. Rondeau:** Mr. Chairman, we are still dealing with section 109 of Bill C-259. It is an extremely important section since its passage will change the tax schedule for millions of Canadians.

Mr. Chairman, before coming to the heart of my remarks on income tax, I should like to define the various economic systems in order to make it clear where the tax proposal of the Minister of Finance (Mr. Benson) is leading us.

I have here several definitions of socialism, communism, fascism, economic liberalism, the bureaucratic liberalism that we know, and capitalism, and I think that in this list of definitions, the Minister of Finance will recognize himself quite well.

Socialism means that if you have two cows, the government takes one away from you and gives it to your neighbour.

Under communism, if a citizen has two cows, the government takes them away from him and gives him back milk through a dropper.

Fascism means that if a citizen has two cows, the government takes them away and sells the milk to the people.

Nazism means that if a citizen has two cows, the government takes them away and shoots the man.

Democratic economic liberalism—and here, I believe that the Minister of Finance should listen—means that if a citizen has two cows, the government takes them away, kills one, milks the other and throws the milk away.

**An hon. Member:** Enough of that bull.

**Mr. Rondeau:** Capitalism means that if a citizen has two cows, he sells one and buys a bull.

Mr. Chairman, yesterday I had an opportunity as well as a good number of my colleagues, to hear most of the speeches made here.

In my opinion, the Minister of Finance has shown sheer arrogance during the debates by not even listening to the suggestions made by all hon. members who took the floor. I only witnessed this response from the minister: he kept the lower part of his body firmly in contact with his seat and looked very confident. He was thinking: Say whatever you want, suggest anything you want, I do not care, I will not change anything in this bill since I have with me a sufficient majority of members who have more wool on their backs than they have guts for reacting, for speaking their minds and state what their constituents want and would like their representatives to say in the House.

Before dealing with the clause itself I would say that I was shocked, two years ago, following questions asked by my hon. colleague from Roberval (Mr. Gauthier) regarding privileges granted to Canadian companies in the last ten years, to learn that Canadian companies had been exempted since 1958. Those figures, Mr. Chairman, are astronomical because they show that an amount in excess of \$2 billion that the federal government had the right to collect was not collected from those companies. Instead of seeking to collect the taxes due by those companies the

government in 1971 thinks it must seek revenge or impose new taxes on the Canadian taxpayers.

Bell Canada was exempted from the sales tax during ten years for an amount of \$79,916,000; Northern Electric, \$13,545,781; Distillers Corp. (Seagram), \$23,613,000; Canadian Business, \$10,463,000; George Weston, \$23,078,000; Steel Co. of Canada, \$149,736,000; Dominion Foundries, \$101,617,000; Algoma Steel, \$68,442,000; Ford Motors, \$11,249,706; Chrysler Corporation, \$69,340,398; Alcan, \$149,774,404; Aluminum of Canada, \$139,405,412;—

• (3:30 p.m.)

[*English*]

**The Chairman:** Order, please. I regret to interrupt the hon. member. I have listened to him with interest. I wish to address my remarks to all members of the committee. I am not here to beat hon. members over the head about the rule of relevancy, however, if we are to give orderly consideration to the bill I must impress upon all hon. members that we must be concerned about that rule. We are now dealing with sections 109 and 110 of Clause 1 of the bill. I have tried to find some link of relevancy between the hon. member's remarks and the contents of sections 109 and 110, but I cannot. Perhaps I am in error. If I am, no doubt the hon. member for Shefford will point out to me where I err.

[*Translation*]

**Mr. Rondeau:** I thank you for your comments, Mr. Chairman, but I must say that it is not my fault that the list of corporations which have been exempted from federal tax is that long and that a new tax legislation is now deemed necessary in Canada. It is perhaps that we have been unable to collect the federal sales tax owed by these corporations.

International Nickel Company of Canada Limited was exempted to the tune of \$102,100,000; Cominco Ltd., \$21,258,000, not to mention others. The total owed by six corporations, Mr. Chairman, adds up to \$642,632,000. A sum total of approximately \$2 billion was not been collected by the federal government.

I would like, with the help of information supplied by accountants and economists, to draw a comparison between the Canadian personal income tax and that same tax in the United States. I do not draw this comparison with underdeveloped countries, but with our neighbours who have almost the same resources as Canada, to show the difference between the Canadian personal income tax and the same tax in the United States.

Before giving figures, I would refer to a speech made on January 30, 1970 by Mr. R. M. Fowler, president of the Canadian Association of Pulp and Paper Manufacturers, on the occasion of its annual luncheon meeting. He said:

During the last few years, the tax rate levied on Canadian companies has been allowed to exceed by 10 percentage points that applied to our American competitors.

I also have here the brief submitted to the Senate Committee on Banking, Trade and Commerce by the representatives of the Canadian Manufacturers Association who, after a comparison between the Canadian and the American tax, had this to say:

[*English*]

The increasing disparity between the United States and Canadian tax rates offers cogent reason for such action not only because