

*Taxation Reform*

Those words "fiscal revolution" can well be applied to this white paper.

In particular, there was insufficient study of the practical application of the new taxes—of their administration and of the work involved. They stand up much better—whether we approve of them or not—as theoretical or academic concepts than as practical blueprints.

In a letter to the *Times* . . . Mr. C. N. Beattie, Q.C., a member of the Tax Bar and an author of a standard work on income tax wrote: "It is scarcely an exaggeration to say that our present system of income taxation has been smashed to pieces by the Labour Government under the pretence of making it modern, simple and purposive. It is none of these things; it is now archaic, confused and destructive. The task of understanding it is beyond the capacity of the taxpayer, his advisers and the officials of the inland revenue; indeed it is beyond anyone's capacity because it does not make sense.

● (3:40 p.m.)

I hope, Mr. Speaker, that someone will bring this to the attention of the Minister of Finance in his peregrinations around this country trying to sell the unsaleable. I have mentioned the capital gains tax. On a general basis I think our position in this regard has been put forward by our leader and other members of our party. However, I have a personal view that there is a form of capital gains tax which might well be considered; that is tax in the form of unearned increment upon land alone—not improvements upon land, but upon land alone. This principle goes back to the last century, to the writings of the great economist, Henry George. I think it has certain virtues with regard to taxation, and it would also be of great collective value with regard to the problem of the cost of houses.

Mr. Speaker, no single factor has done more to bring ordinary housing out of the range of the average Canadian than the speculative value of land in the vicinity of large cities. I made this plea in the House seven or eight years ago and again three or four years ago, but nobody listened. That may be my fault, I think a tax of this kind, easily, mechanically arranged, with the value of improvements upon land properly adjusted to meet the inflated values of today and with mechanisms for exemption, could be devised to provide that only the speculative increase, the unearned increment, would be taxed. When society builds bridges, roads, schools and other facilities which increase the value of raw land, whereas the individual owner does nothing to merit that increase, I think it is proper and just that a percentage of the increase should be taxed.

This is a direct tax to which the federal government has a constitutional right, but because it has an impact upon what has traditionally been regarded as the preserve of provincial governments and municipalities, the Minister of Finance and his advisers might give some thought to discussing the matter in close consultation with the provincial governments. If such a tax were imposed, it would seem to me to be the type where a good proportion could go back to the municipalities.

Yesterday we heard the Minister without Portfolio (Mr. Gray) paint a grim and dismal picture of the future of the large metropolitan areas. He mentioned a limit of \$25 million a year for urban renewal. It seems to me, Mr. Speaker, that here is a source of revenue which could be derived from an interim method of capital gains tax whereby the federal government would collect the tax and pay back to the municipalities large sums of money which would be generated, for improvement or urban renewal which is now so badly needed.

There has been some mention of the virtue of the white paper in so far as it would bear upon the poor. Much has been said about the hundreds of thousands of people who will be taken off the tax rolls. That may be so, but I reject categorically the suggestion that in the final analysis the poor will benefit. They will not. It has been our experience that any form of tax increase such as is contemplated here, in the end bears upon the poor people at the bottom of the economic-social ladder—those who have not the means to resist or apply any pressure, the poor and dispossessed, those who have no pressure groups to go to the government and seek a remedy.

We all know what happens. The small entrepreneur and businessman impose the tax as an increased cost of services, goods or commodities. Everybody who pays a tax attempts to pass it on, but unfortunately those at the bottom of the ladder cannot pass it on. I suggest, Mr. Speaker, that if this pernicious proposal contained within the four corners of the white paper is implemented, within three or four years the alleged benefit to these poor people will not only be destroyed but the cost of commodities and services essential to their preservation will be greatly increased.

If the Minister of Finance and his advisers would listen—and I doubt it because he is not the kind of man who listens—I suggest that they should take this paper, jack up the title