

We must understand that talent is not captive. Talent is going to move just like capital and it is going to go where the opportunity is. It is going to go out of this country—it is going out of this country—because of the uncertainties created first by the Carter report and, secondly, by the introduction of the white paper and the continuing reiteration of the leaders of our government today that, come hell or high water, we are going to have this act put into effect.

In relation to the high tax it is interesting to note that a brief was presented to this committee by the business class of Western University. It stated that out of 104 people in that business class at the Western University, 100 are going to the United States because after analyzing the white paper they could not see an opportunity to operate in this country in a proper manner. This is a direct result of taxation. I suggest we will be left with the drop-outs and those who cannot help themselves. Let me give some examples of this. The evidence given by Mr. Connelly to the committee, as recorded at page 38 of volume 80 of the committee's report, with regard to the city of Edmonton was as follows:

You all know in this city the case of Ron Banister—Ron Banister has said that I could mention his name. He has sold out his company to a computer organization in Pennsylvania because he is frightened of the implications of the white paper and the capital gains tax. They got into trouble like most computer organizations. He was asked if he would come back and be president of this company. He said he would if he could operate from the city of Edmonton. The employers of this company said that was all right but on examination found out that they would have to pay the key people \$10,000 more a year to equate their salaries—not the living expenses, just their salaries in moving to Edmonton. The executive vice-president found out that if he moved down to Minneapolis he would have \$7,000 more a year to spend after tax paid. The result was that there was no way this organization could stay in Edmonton, so it has moved to Minneapolis.

We hear a great deal of talk about nationalism today. I mentioned in the House the other day that it is very necessary that this government develop a plan to initiate a sound economic policy for our citizens. My reason was that for the most part today conservativeness is the result of the investment of capital rather than increased labour. If we are to find any solution to the problem of increased taxes and unemployment, with attendant welfare difficulties, we will have to come up with an economic plan to enable the workers of this country become shareholders in our industries.

[Translation]

**Mr. Gilbert Rondeau (Shefford):** Mr. Speaker, it is most interesting tonight to speak on the amendment introduced by one of my colleagues a short while ago to the effect that the passing of this bill be delayed another six months.

Mr. Speaker, the Cr ditistes who have spoken before me today have perfectly well asserted their party's point of view in this House, as again they have had the opportunity of doing it previously.

The proposed amendment tends to delay for a period of six months the passing of a bill to continue the application of the tax proposed by the government in March 1968.

23966—40½

*Income Tax Act*

Mr. Speaker, if we remember well, this so-called "social development tax" was supposed to be a temporary measure.

And today we see that the government wants to make it a permanent tax. I believe the government's policy in this regard shows very clearly that it was not able to achieve social development through this tax within the period anticipated—by December 31, 1970. The government expected to establish social development in Canada through that tax. Today, because it has not been possible to achieve that goal the government wants to re-apply the tax, extend it for another year, but we know very well the tax will become permanent.

I want to use official records to place the House within the context of events which led to these taxes.

I should like to correct the innuendoes made by the hon. member for Sainte-Maire (Mr. Valade) about the Ralliement cr ditiste. He took advantage only of what interested him and he did not speak the whole truth in this House.

• (9:20 p.m.)

We know very well what was said in this House by reading *Hansard* not only for the one day which is of interest to us but for all the days when this subject was discussed.

On February 19, 1968, the government had brought before the House Bill C-193 to establish the so-called "social development tax".

We know that the vote on that day had brought on the defeat of the government, that a majority of the hon. members in the House had voted against that tax, and we can see from the vote that, as the hon. member for Sainte-Marie has said, the Cr ditistes, like other members of the opposition, had contributed to the defeat of the government.

And we can continue our reading of *hansard*. On February 21, 1968, as shown on page 6905,—the one quoted by the hon. member for Sainte-Marie—my chief, the hon. member for T miscamingue (Mr. Caouette) stated, and I quote:

—There is but one way out, and that is to go to the people—

And before, also on the same page, the hon. leader of the Ralliement cr ditiste stated, and I quote:

If we believe that in a democracy, parliament is the real sovereign of the country, we may say, in the present circumstances,—

—that is the circumstances of February 21, 1968—

—that the government has been defeated by a parliamentary majority and that it should resign.

He was saying this on February 21, 1968!

On February 23, the present right hon. Prime Minister (Mr. Trudeau), then Minister of Justice, promised this House to rescind this bill and repay Canadian taxpayers the money that had been illegally collected through the bill that had been defeated the night before.