

*Income Tax Act*

shown itself to be an encroachment upon the provincial rights of one or more provinces in this country. Again, we abhor that.

In summary, most Canadians disapprove of those four aspects of this bill intensely. When the next election comes, the government will realize that is the feeling of the people of Canada with regard to this bill.

I do not want to devote more time to that aspect. I would rather talk about an income tax component of this bill which I think is largely missing. What I want to say about it has to do with what might be called new thoughts or ideas on income tax and corporation tax. They are not new, but certainly are new as far as implementation of them in Canada is concerned.

I would like to put in a little brief tonight mainly on my behalf and not necessarily that of my party, because we have not discussed it at length as party policy.

It is incumbent upon all of us as legislators to play a more active role in looking at the income tax system in Canada, both at the personal and corporate level. We must try and find in that area of the economy a solution to a problem which is probably very basic to the troubles we now have with inflation, low productivity, low trade and so on. It will be found that a lot of those problems stem from our ineffective tax system.

As one looks at the total problem of taxation, one has to go back in perspective a bit. When taxes first became popular, and that is not too far back, they were levied to pay for essential services. Those taxes were levied against both corporations and individuals. As far as the individuals were concerned, the taxes were levied primarily to support functions of government such as immigration, national defence, foreign policy and other such areas where it was necessary to have a corporate body such as government look after them on behalf of the citizens.

We have gone a long way from there. We now have a government, particularly the one across the way in this House, which is no longer content with assuming that kind of control of power. They want to increase that power. They have extended their power into all sorts of other areas of involvement, into the personal life of yourself, Mr. Speaker, and that of every Canadian.

The government has shown its intense desire to take over the control and responsibility that should reside in 90 to 95 per cent of Canadians who are quite capable of looking after themselves and do not have to be told by government how their money will be spent. We should be able to decide for ourselves rather than have a government do it.

This increasing encroachment is not only at the federal level. Many provincial and municipal governments are encroaching further and further into the power that they have to raise taxes and spend money. I want to express my personal disapproval of this and suggest, as I go along, how it can be corrected. The real role of government in this day and age should be to provide a climate for businesses which operate in this country, not to provide a very detailed, controlling influence over the Canadian people.

[Mr. Halliday.]

What is the current status of taxation in Canada? I have alluded to the fact that it is a real mess. We have all kinds of problems. I do not have to give a lot of quotations to convince hon. members of that. However, there are two or three I would like to refer to which will be supporting evidence of the difficulty we are in now as a country vis-à-vis our tax system.

Something that came out recently—and this will not be new to the parliamentary secretary whom I am pleased to see here this evening—is the report of the Royal Commission on Corporate Concentration. In its 400 pages, they do not deal mainly with taxation. However, on pages 274 and 275 the report of the Royal Commission on Corporate Concentration discusses taxation. I want to read just a few sentences to illustrate how this royal commission felt about our present tax situation.

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It is abundantly clear from what we have said in this chapter that savings over the next few years will be inadequate to finance the necessary business investment and that current and expected risk-return ratios will be inadequate to induce risk capital investment. This and the other serious problems of the Canadian economy which we reviewed briefly in Chapter I concern us deeply.

The royal commission is concerned about investment in the future and that there might not be risk capital available, and I think we can supply a solution to that problem through a different tax system. The report continues as follows:

We think there must be more questioning of things that have heretofore been accepted as unchangeable. If the problems we face are as deep-seated as we think, then their solutions probably require equally fundamental changes in some of our economic arrangements. Mere tinkering with effects will not come to grips with basic underlying causes. All of us must be prepared to think about the unthinkable.

I suggest that this has been our problem with respect to taxation. We do not have any committee on either side of the House which is really concerned about taxation. We do not have any committee whose title has the word "tax" in it. I do not think any party in the House has that, which shows what little importance we attach to taxation. Nevertheless, it affects all of us in this country. The report of this royal commission says that we are going to have to have very fundamental and radical changes if we are going to get anywhere with our economy, and those changes have to be in our taxation system.

I want to read two or three more sentences which are very important because they deal directly with taxation.

It is appropriate to discuss the tax system in this chapter because a healthy, small business sector is one of the most realistic antidotes to the economic concentration that is inevitable in the Canadian economy, and which is a constant threat to competition.

I wish the Minister of State (Small Business) (Mr. Abbott) was here tonight so that he could see some of the real challenges which exist for small business and how he might do something about them. The report continues:

The health of small business depends, more than anything else, on a vigorous economy. In addition, the measurement of taxable income and the system to collect tax on it are particularly severe problems for smaller businesses. A tax on profits is disproportionately burdensome—

I want to emphasize this because this will be the crux of my argument.