consultation with special interest groups who may have an interest in a piece of legislation, but concurrently parliamentarians should be intimately involved in the development of regulations of this type.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I would like to put a few words on the record today at second reading of Bill C-2, amendments to the Income Tax Act. This is a very unfair piece of legislation. I am opposed to many items in the Bill because of the unfairness that is prevalent in the amendments. I have always viewed Canada as having a progressive form of income tax. On the surface it may well seem that way, but we do not have a progressive form of income tax. Under such a system, those who have more would pay more general revenue to the Government of Canada.

In my remarks today, I will attempt to point out that we do not have a progressive form of income tax. We are becoming increasingly regressive in terms of the income tax system that we have developed over the years. The previous speaker mentioned the large volume that contains the Income Tax Act. We will have an even more unfair Income Tax Act with the passage of Bill C-2.

In terms of individuals, small businesses, farmers and so on, that is where the unfairness comes into play. They are being asked to pay increasing amounts of the general revenue. It really is the debt load of Canada. The corporations are being helped by big government as a result of this very unfair taxation system.

Bill C-2 will implement many of the tax changes outlined in the 1983 budget. In an over-all view, most Canadians would agree that the Government doled out billions of dollars in tax concessions to big corporations and at the same time put in place measures that will result in lower and middle-income earners paying more than their fair share over the next four years. That is what we are dealing with in terms of some of this legislation. Some provisions deal with a four-year period.

It is important to see the tax measures in the 1983 budget as signalling an important shift in the Government's economic philosophy. The Government has shifted its focus from the demand side of the economy, the so-called Keynesian economics, to the production or supply side of economics. In practical terms, this means that the Government puts a higher priority on stimulating production rather than consumption. That is a basic flaw in the Government's thrust. What we need is not more production. If the consumer demand is there, the production will follow.

I wish to give a couple of examples to emphasize my point. First, the accounting firm of Ernst and Whinney, in a submission to the Economic Council of Canada, observed this:

> Most government incentive programs have only a marginal impact on the decision whether or not to invest.

Second, we have an excess capacity whereby one-third of our existing plant capacity is sitting idle. Do we really need more incentives on the supply side? The supply can be there if the consumer demand is there.

This Government should have its main emphasis on the redistribution of wealth in this country. If money is put into the pockets of the consumer, plant capacity will be operating at 100 per cent rather than two-thirds. There is a bit of faulty thrust on the part of the Government.

There is also a dual standard which comes about when you look at the Throne Speech which the Governor General recently delivered in the Senate. There were many people programs, social programs that affect people. Very few Canadians could disagree with the goals of the Throne Speech in terms of peace and prosperity, the two overriding goals. The dual standard comes in terms of the taxation system we have in Canada. The highlights in Bill C-2 point toward a kind of Reaganomics north, the policies of the United States Government moving more into Canada in terms of our taxation system. On the other hand, the Government does say what it is going to do with social programs, and what affects people in the delivery of programs from the Government is quite attractive. There is a dual standard. I see that as a conflict as to how the Government is going to dovetail that dual standard to make it believable for Canadians.

In the time remaining I want to talk about what I consider to be the highlights of the Bill, which may be low points for many Canadians. The first is the phasing down of the federal tax reduction. This is expected to be a major source of revenue.

The second point that affects personal taxes is the elimination of the standard medical and charitable donation deduction, which we have had the pleasure of dealing with in the past. This personal tax allowed the taxpayer an automatic $100 deduction for charitable donations and medical expenses without the need for receipts. This is being eliminated and taxpayers will now have to supply receipts. Lower-income Canadians who cannot afford to make large donations will lose this valuable deduction. It is expected that this provision will raise about $380 million for the federal Government over the next four years.

The third area in terms of personal tax changes is the indexed security investment plan. This will allow an individual investor to escape paying taxes on that portion of capital gains registered as common stock that is due to inflation. This will result in a significant reduction in the amount of federal Government collections in capital gains tax. It is estimated that this will cost the Treasury some $400 million over the next four years. That is another concession to higher-income Canadians who receive much of their income from investments rather that blood, sweat, labour and toil.

The fourth area in terms of personal tax changes is the special recovery refundable tax credit. Over the next four years, the cost of that program to the federal Treasury is expected to be some $120 million. Again, this is a tax that gives a break to the big corporations which the federal Government is financing through increased taxes on middle and low-income Canadians.