

*Income Tax Act*

damage to the Canadian economy than anything that could ever be put forward at this stage. The threat of valuation day which hung over the entrepreneurs of Canada, for example, resulted in lost production, lost wages and lost development which is reflected in the twin spectres of unemployment and inflation which have been hanging over the economy of Canada ever since the Trudeau administration came into power in 1968.

I would say that the government's approach to a fundamental and basic tax reform might best be compared to the sort of Liberal tinkering that went on in the famous Walter Gordon budget of 1963. It had a serious impact on the economy even though the total budget was dismantled by stages in later years. The process of economic disintegration that began with the Gordon budget was continued by the uncertainty that was engendered by the long discussion and consideration of the white paper.

It is obvious that the Canadian economy has been worsening in recent years. This has been demonstrated by the recent forays of the right hon. Prime Minister (Mr. Trudeau) into certain parts of Ontario. Even the electronically-generated charisma is not powerful enough to conceal the growing disenchantment of the Canadian public with the policies, or lack of policies of the present administration. Perhaps this is the reason why members speaking for the government are concerned that we get on with haste—undue haste, I would say—with the completion of this preliminary discussion of a major piece of government legislation. They are afraid of the continuing deterioration reaching the point of no return, and certainly, as I shall point out later in my remarks, this situation is quite possible when we consider that we are now faced with the economic blockbuster that came from south of the border just a few weeks ago.

• (4:50 p.m.)

It is obvious in the legislation that is before us, and in the budget that was proposed last June, that the government has no solutions, no plans and no policies for dealing comprehensively with the economic problems of Canada. Just last week on the hustings, the Prime Minister told the good citizens of Cornwall that he had nothing to offer. He did not even use the phrase "blood, sweat and tears" that Churchill used during the difficult days of war. He only said he was nonplussed and had nothing further to offer than already had been advanced.

This tax reform bill should be stalled in its tracks at this time, as is suggested by the amendment, because it is a sudden reversal of the whole direction of government policy and tax reform that was outlined in such precise detail in the famous white paper. Now, that white paper has turned out to be an exercise in futility. Along with the budget that was brought down almost simultaneously, Mr. Speaker, the immediate public reaction was a sort of euphoria, so much so that many commentators were referring to these measures as the sunshine economic initiatives that would bring about a new upsurge in the Canadian economy.

I think the reason for the temporary euphoria that followed in the wake of the government's initiative in respect of the budget and tax reform was something like that given by the gentleman who repeatedly used to bang his head against a wall, and when he was asked why he

engaged in this inexplicable procedure he replied it was because it felt so good after he stopped. The situation seemed so bad that anything seemed to be an improvement on what had been taking place, at least in so far as those who are suffering from chronic unemployment are concerned.

The two major economic and fiscal initiatives that have been brought forward by the government are best described as an election budget and an election tax reform bill. It is the action of politicians who are being pushed into a corner by their own inadequacies and indecisiveness. This is a viewpoint that is being expressed not only by members of the opposition. In the past few weeks we have been inundated with careful and thoughtful analyses of the proposals contained in Bill C-259, analyses which have already reached almost heroic proportions in terms of quantity and size.

I have been going through several voluminous documents containing closely reasoned arguments which attempt to analyse the complexities of the government's tax bill and I shall quote from one which I think provides a very excellent summary of the essence of the bill. I refer to the Canadian Tax Reform Review which was circulated by Riddell, Stead and Company, a firm of chartered accountants, in August, 1971. The following is a quotation from the introductory statement to the analysis:

The outcome of the "great Canadian debate on tax reform" that commenced in 1962 is reflected in Bill C-259 "An Act to amend the Income Tax Act . . ." This prosaic title may well be a more fitting description of what has emerged than the more grandiloquent "Tax Reform Bill".

In other words, Mr. Speaker, they are saying that it is full of sound and fury, signifying nothing.

When the time, talent, effort and money (both private and government) that have been poured out in the last nine years are considered in relation to the end result, its justification may be questioned. If the debate was required to condition the public mind to accepting taxation of capital gains (already accepted by most industrialized nations), it was an expensive process.

At the outset, it must be stated that the provisions of the bill are extremely complex, particularly in the areas of corporate and international taxation. Many of them undoubtedly reflect the conversion into legal language of computer formulae designed to produce the desired result with as little leeway for error or manipulation as is possible.

That points out a theme that has emerged from the discussions and the deliberations which have arisen from the presentation of this bill to Parliament and to the people of Canada. The consensus is that the bill is complex, confused and does nothing to deal with the problems that require fundamental and basic tax reform, problems that have resulted in the present unhappy slack in the economy.

As a matter of fact, Mr. Speaker, as a layman depending on the expertise of the lawyers, the chartered accountants and the economists, I think the bill could best be summarized in these simple terms, that any improvements that it does achieve are in the realm of the ordinary, orderly housekeeping that you would expect from year to year as governments face problems in income tax legislation. And most of the housekeeping that you find in the bill has been necessitated by the fact that there has been a continuous and constant erosion in the value of the Canadian dollar under the growing inflationary pressures which have ope-