

Income Tax Act

we are debating at this moment, it is less important in this country how much a person earns than how he earns it. The wage and salary earner must continue to pay full tax on all his earnings. If a person should be receiving dividends rather than wages and salary, he would pay less tax. If part of those dividends incorporate capital gains, he pays even less tax. If he has dividends from an oil company or a natural resource industry he gets a further break, and so on in our society. This is something to which I personally object a great deal. It is also something to which my party is very much opposed. I refer to this concept of inequal treatment. We think it serves the people in our country very badly. We think it serves the interest of the development of industry very badly, that the corporation tax as we now have it is unfair and is in a large measure responsible for many of the ills and inefficiencies which exist in this country because we have failed to look at its inadequacies.

• (5:20 p.m.)

Mr. Flemming: Mr. Chairman, I am impelled to offer a few remarks concerning this portion of the tax bill owing to the fact that I am anxious to support the suggestion which has been made by the hon. member for Edmonton West, reinforced by the hon. member for Peace River, when they tried to impress upon everyone within sound of their voice the general desirability of passing a portion of this monstrous bill and leaving the controversial and unacceptable parts to future discussion and future examination. In this way, we could ensure that this whole bill, which after all is a matter of great consequence to the Canadian public, would be taken in stages rather than inflicted upon the people in its entirety. So, I rise for the purpose of supporting that argument and I hope it will meet with some consideration by the government.

I am not expert enough in the rules of this House to know whether or not a large bill with as many sections as this one has could be passed subject to proclamation, and then various sections proclaimed when the government decides that it is appropriate to do it. Personally, I see nothing wrong and no reason why that course should not be applicable to this bill. It seems to me to be fair and desirable, if the government wishes to have the whole bill passed, that they introduce as part of the bill a proclamation clause so that the various sections can be proclaimed as it develops that those sections should be proclaimed. I realize that any suggestion coming from over here will not necessarily be treated with tremendous respect, but I hope that this suggestion which has been advanced by the hon. member for Edmonton West and the hon. member for Peace River this afternoon and which, I understand has been advanced also by the Leader of the Opposition,—I hope my friend, the hon. member for Hamilton West will not take me to task when I say this—will meet with favourable consideration by the government.

In the white paper proposals there were certain suggestions regarding corporate taxation. I do not wish to go into the details of what took place at the various hearings which the committee held, sometimes in the east and sometimes in the west of Canada, but it has been suggested that they took these proposals to the people for the purpose of securing their opinion. I might say, as a member of that committee, that I never saw or heard tell

[Mr. Saltsman.]

of any proposals which received as much opposition as did the white paper proposals almost in their entirety. So, if the government learned anything from the hearings which were held by the committee, surely they must have been impressed with the fact that in general terms the proposals were undesirable and unacceptable to the majority of the people of Canada.

I happen to think that the government is wrong in its approach to the whole question. I have said before, and I repeat it because I think it bears repeating, that they could have accomplished the changes that they wished to accomplish by amending the statutes which have been in existence in connection with taxation ever since the inception of parliament, and certainly those in connection with income tax dating back to 1917. There is no reason the government could not have taken what is acceptable to them and then added or taken away from that as it suited them. We would then not have had such a complex and difficult bill to understand. I am not the only one who says that it is difficult to understand. We have had chartered accountants and lawyers who said that they were bewildered by it and were unable to digest it.

So, I submit that the nearest approach to retaining something that is good in the present statute would be for the government to carefully consider the addition of a proclamation clause to the bill, following which it would proclaim from time to time certain sections as the staff and the general public seem to understand them and as they appear to receive that degree of acceptance which would be necessary.

The white paper proposals were examined by the committee under the very capable chairmanship of the parliamentary secretary who is piloting the bill this afternoon. I say to you, Mr. Chairman, that he handled those hearings in a most distinguished way and brought great credit to himself and to the government. I am glad to see him occupying the position he does here this afternoon in piloting this bill. I think that he is more likely to accept some of our proposals than is the other parliamentary secretary who was here last week, at least I hope that is the case, Mr. Chairman. On June 18, in his budget speech, the Minister of Finance modified the proposals in the white paper. He acknowledged that the proposals were unacceptable, not only to the business community but also to a number of provinces. As a result, the government decided to modify the existing system for taxing corporate income rather than introduce a comprehensive new system.

Then, as you know, within the last month or so the government has decided to accept the recommendation that has been advanced from this side of the House on a good many different occasions that they stimulate employment by a reduction of taxation. In other words, what the government acknowledges is that they are willing by a reduction of taxation to encourage private business to employ at least a portion of the people who are presently unemployed. That is what the minister said in his speech. As a consequence, the corporate tax has been reduced by 7 per cent of the amount payable. I hope that the parliamentary secretary will digest this. When the government accepts the proposal that it is going to take 7 per cent of the corporate tax as a means of stimulating employment and the economy, surely that means that