

Income Tax Act

properly comparable so far as I know. The first item is the amount received from personal income taxes in the years 1967-68, 1968-69, and 1969-70. I want to put on the record the differences in the amounts of revenue derived in these years, because I wish to establish in the mind of the parliamentary secretary and in the minds of government members, the idea that had they managed the affairs of the people of this country as they should have managed them there would be no need for a capital gains tax. That is my point.

Mr. Crouse: Hear, hear!

Mr. Flemming: I will give round figures. The revenue from the personal income tax in the year 1967-68 produced \$2,800,000,000. The next year, it was \$3,300,000,000, and the next year, in 1970, it was four billion and nearly one hundred million dollars. The point I am making is that there has been a tremendous increase of roughly 20 per cent in both these years. In other words, between the first and the last years for which I quoted figures there has been an increase of 40 per cent. Yet, the government says they must have more money.

Let us consider the corporation income tax. My remarks are in rebuttal of the so-called need for more tax revenue. Corporation tax in the year ending March 31, 1968, was \$1,600 million, in the year ending March 31, 1969, in round figures it was \$2 billion, and the next year ending March 31, 1970, it was \$2,611 million. This is almost the same percentage of increase. All through the figures that I am referring to there is roughly the same percentage increase. That is why I say there is no need for a capital gains tax.

• (5:30 p.m.)

Income tax on dividends, interest, etc. going abroad in the first year that I mentioned was \$220 million, the next year it was down to \$205 million and in the year ending March 31, 1970, it was \$248 million. Social development tax, whatever that is, for the year ending March 31, 1969, was \$63 million, but for the year ending March 31, 1970, it went up to \$476 million. From \$63 million to \$476 million. I do not know the explanation for that, but I do know that \$476 million is much more than \$63 million.

Then we come to sales tax and there is not very much difference there. It seems as though personal income tax and corporate taxes show the largest percentage increase and the largest amounts. We have never had any explanation from the government for these increased revenues. Revenue, as I said at the outset, is really a matter of taxation. The government can dress it up and call it revenue, but it is really taxation. On the same page of the Auditor General's report we find that the total revenue for the year ending March 31, 1968, was \$9,001,716,000, and for the year ending March 31, 1969, it was \$10,162,843,000, in round figures. That is an increase of 9 per cent to 10 per cent. For the year ending March 31, 1970, the total was \$12,323,845,000. We might be very impressed with these figures, Mr. Chairman, were it not for the fact that the government is asking for authority to impose more taxation because they say they need it and must have it. I say we need an explanation from this government and I am sure everyone will agree with that statement.

[Mr. Flemming.]

It is often emphasized that there is a capital gains tax in the United States, but I say that is not any reason why there should be one in Canada. I say that because Canada is largely an undeveloped nation. We need to encourage people to invest money here, so-called risk capital. That is what it is. If I had the time and the House was willing to listen, I could name businesses that have been carried on with foreign capital simply because they could not get a bank loan in Canada. But it is said that because the United States has a capital gains tax, Canada should have one. But the United States is a developed country and we are not, so the same principle does not apply. It is an entirely different situation in Canada and it is no argument that we should have this tax because they have it. We need risk capital and we should not discourage it.

The Deputy Chairman: Order, please. I regret having to interrupt the hon. member, but I must advise him that his time has expired and unless he receives permission of the committee he will be unable to continue his remarks. Does the committee give the hon. member permission to continue?

Some hon. Members: Agreed.

Mr. Flemming: Thank you, Mr. Chairman, and members for this consideration. I shall try not to be too long. I want to say a word or two about small businesses. To my certain knowledge many people, sometimes just a man and wife, carry on a small business. They work long hours and take very little out of the business except their bare expenses. They try to improve their property chiefly from money which under ordinary circumstances would give them an increase in salary. At the end of 25, 30 or sometimes even 40 years they decide to take it a little easier. The only way they can realize funds is by selling the property. Now this government suggests that if these people sell the property for \$100,000 they will take 30 per cent or 40 per cent of it. I submit that this does not make for good citizenship and it does not encourage people who are the salt of the earth and who built the country.

As my hon. friend from Dauphin and my hon. friend from Calgary Centre have said—I hope the parliamentary secretary will take this into consideration—I, too, think that the government should recognize the difference between short-term speculators and long-term investors so far as capital gains are concerned. There is a great difference. I do not know that I have any great criticism of a capital gains tax on speculation. If a person is lucky, I think that is all right. But the person who puts money into a valuable property, improves it and maybe 15 or 30 years hence sells it, should not be penalized. That is my feeling on this subject.

I should like to make a few remarks on the whole question of foreign ownership. It seems to me that the ownership of business is really not very important as long as the owners abide by the laws of the country. I fail to see a great deal of difference between foreign ownership and ownership by our own people. I will say, and I know whereof I speak, that if we in the Maritimes did not have the market to the south of us, we would find it very difficult to get along; there is no question about that.