

*Taxation Reform*

a rationalization of our taxation system. However, all this was done within the framework of retaining our basic economic system, as it has evolved and exists at the present time.

One of the merits of the Carter report that should be noted is its consistency. For the most part, its recommendations were consistent and did not contradict each other or come into basic conflict. I am afraid when the white paper on taxation was presented not only did it go along with the one undesirable feature of the Carter report, namely that it looks to continuation of our economic system, but it also lost the one very desirable characteristic of the Carter Report, that of consistency. The white paper no longer presents a completely consistent set of recommendations which can form the basis for Canada's future taxation system.

One other weakness of the white paper as it was presented to the people of Canada and this House, is the fact that it failed to give adequate consideration to the relationship between income taxation, as one component of the total tax system, and other areas of taxation in Canada which must be related when it comes to establishing an equitable form of taxation.

Last year the government introduced revisions and amendments to estate tax legislation. They did two things at that time. They ignored and rejected the Carter Commission recommendation for integration of estate taxation and our present income tax system. They completely rejected this recommendation. Then, the government went on to do something else which in my view is very important and fundamental. They rejected any notion of reducing the taxation system to bring about any redistribution of wealth and power in Canada. It became clear at that point, when the estate tax amendments were before the House last summer, that the government was not going to introduce any basic changes in our taxation system or in the economic system within which the taxation system has to operate.

I suggest at that point the die was cast. We could see what was coming with respect to other taxation proposals which the government would be bringing forward in the coming months. We saw the government fail to accept the recommendation of the Carter Commission to integrate estate taxation and income taxation.

[Mr. Burton.]

I might note as well that the Carter report also dealt with the pattern of sales taxes throughout Canada. It made a number of recommendations in that regard. We have not yet heard what the recommendations of the government will be with respect to sales taxes, but I understand the government will be dealing with this once the matter of income tax changes has been dealt with by this House.

I suggest that we cannot deal with tax revisions in a piecemeal fashion. It is necessary to have an over-all view of the whole situation. We must know not only what the government is now going to do with regard to income tax, but we must also know what the government is going to do in other fields of taxation, such as sales tax. We already know what they are doing with estate taxes, but we should also know what they are doing in other fields upon which the government depends for a substantial amount of its revenues. When we consider the equity of the tax system, we must not only consider one individual form of taxation. If we are to determine whether in fact we have an equitable system of taxation, we must consider the entire tax system.

The field of sales tax is another very important aspect of political and economic affairs in Canada. Sales taxation brings in the subject of federal-provincial relations because every province in Canada except one depends to a very large extent on sales taxes as a source of revenue. When we consider the future of sales taxes not only in relation to income and estate taxes, but also in respect of federal-provincial relations, we have to give very close consideration to the needs of the provinces. The needs of the provinces come into consideration when we are discussing income taxation as well.

• (12:40 p.m.)

In this connection, the effect of property taxation must also be considered. When a Canadian taxpayer looks at his total tax bill he must have regard not only to income tax and sales tax but to property tax as well, and, as we know, property taxation as presently constructed is one of the most regressive areas in taxation in Canada. To the extent that we fail to introduce greater equity in our income tax, estate tax and sales tax legislation, more of the tax burden is shifted to property taxation. I believe this must be taken into account when we discuss the white paper proposals.