

socialist threat. But now that the government of the United States has, and has had for some years, a 25 per cent capital gains tax, surely Canada, one of the few countries left which does not tax capital gains, ought to look at this field of revenue as a means of raising money. As my colleague pointed out, there are large reserves of undivided profits and depreciation allowances which have been built up by many of the big corporations in this country over the years. If the government wants sources of revenue there is an area to which the government might very well look. But the government does not do that. Instead it decides that if it needs more money it will go to the people who can least afford to provide it—the home builders, the people who must buy some lumber to repair their piggery, their barn, their home or their garage. Abraham Lincoln once said that God must have loved the common people because he made so many of them. The same seems to be true of ministers of finance. They tax the common people because there are so many of them, and because it is so much easier to tax them than to tax the large corporations which have great accumulations of undistributed profits and depreciation accounts.

It is rather significant, Mr. Speaker, that when the minister brought in his budget on June 13 one of the most spectacular proposals was the imposition of a transfer tax of 30 per cent on persons disposing of Canadian securities.

There came tramping to Ottawa representatives of the Montreal, Toronto and Vancouver stock exchanges. The spokesmen for the biggest business lobby in Canada, the representatives of the great financial corporations of this country, came here. What happened? Immediately the minister found there were "administrative difficulties" and the legislation was dropped. I do not think the difficulties rose nearly so much from the question of administration as from the fact that the government had stepped on the toes of the most powerful financial lobby in Canada. I think that is why the proposal was dropped.

But when we come to the government and say that this proposal is going to work a hardship on everybody who wants to build a modest home or repair a house, when we ask that the government set aside a tax which is likely to hurt the employment situation, hon. gentleman stand adamant and the largest concession they are prepared to make is to spread the 11 per cent sales tax over a period of some 18 months.

Members of this party will support this amendment because we believe the government should reconsider its proposal to impose an 11 per cent sales tax. We believe

Excise Tax Act

the exemption, which has worked very well in recent years, ought to be maintained in the statute.

Mr. H. W. Herridge (Kootenay West): I intend to take only two or three minutes.

Some hon. Members: Hear, hear.

Mr. Herridge: I am glad I have so much support for what I have to say. I rise to support this final protest with respect to this tax. I endorse everything my leader has just mentioned as to the effect of this tax on our economic development and, consequently, on employment in this country.

I am reliably informed that the Secretary of State for External Affairs (Mr. Martin) spent some time yesterday and today with about 12 technical personnel from the United States and British Columbia discussing the question of the development of the Columbia. One might call it a timid renegotiation during a period of stagnation. I rise to show, moving from the abstract to the concrete, the effect which this increase in the number of imponderables is likely to have on development in Canada, particularly on those engaged in the construction industry. Let us take the case of the high Arrow dam. Those connected with this project have to deal with the imponderable of cost which has already gone up by \$5 million since Mr. Willston admitted it would cost \$124 million. They have had to deal with the imponderable of the safety of the dam and the location of the dam. Now they must face the imposition of this tax. Just imagine these gentlemen discussing the cost of building this dam in the shadow of this tax and the other imponderables I have mentioned, together with the court decision rendered by Mr. Justice Sherwood Lett. I raise this matter in order to give a concrete example of how this tax will affect all those concerned with construction projects. On one hand we have the Secretary of State for External Affairs seeking to promote a project and on the other we have the Minister of Finance (Mr. Gordon) putting difficulties in his way. I wanted to make this final comment on these questions before we recess.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, like the hon. member for Kootenay West (Mr. Herridge), I do not intend to unduly extend this debate.

With regard to the amendment proposed by the Leader of the Opposition (Mr. Diefenbaker), I want to inform the house, on behalf of the four Social Credit members for the Saguenay-Lake St. John area, that we are opposed to this tax. In fact, I received this morning a letter from the executive