

Taxation Reform

them. My colleagues will deal with particular aspects in detail and, of course, the committee will have an opportunity to examine the Government proposals point by point together with the alternatives that will be suggested by us and by others. Today I simply want to call the attention of the House to certain matters I consider to be of particular importance.

It should be emphasized at the beginning that the white paper deals with only part of the taxation field. That shortcoming is fundamental. Last winter we protested that the changes then made by the Government in the estate tax field could only be judged in the context of other tax measures, especially income and capital gains tax, and suggested changes which we had not then seen. Likewise today it is not really very sensible and not just to ask Canadians to accept these changes in tax laws that are proposed without knowing what the policy of the Government is with regard to the rest of the taxation field, especially the so-called consumption or sales taxes.

To read the white paper, one would almost think that the provinces and the municipalities did not exist. It is ridiculous to be trying to devise a more equitable taxation system while ignoring for all practical purposes that the provinces and municipalities are also imposing taxes on the same Canadian citizens. The federal government has turned a deaf ear to the demands for consultation on a comprehensive federal-provincial tax system. The minister shakes his head. He is prepared to listen but that is about it.

Mr. Benson: I spent two hours with the minister for Ontario yesterday.

● (12:40 p.m.)

Mr. Stanfield: Until this is achieved, Canada will be a long way from sanity, much less justice, in its tax system. The Canadian citizen will continue to pay a high price for this disorganization and rivalry among the three levels of government. The proposal in this white paper to subject bursaries and scholarships to income taxation will have an obvious effect upon the provinces. It is well known that the federal government is not in the bursary field, despite certain commitments made in the past. The burden for this will fall in large part upon the provincial treasurer who will have to supplement the bursaries accordingly to enable young Canadians to attend school. This will mean, in effect, a transfer of the burden from the federal government to the provincial treasurer.

There are very serious objections to some of the proposals and some of the methods proposed in the white paper. I think some of the defects can easily be corrected, and I hope the government will move to amend its proposals or that the committee will move to amend them right away. For example, I think all Canadians will approve of the intention to bring tax relief to the lower income levels, although the minister's expectation that it will benefit 700,000 or 750,000 Canadians is on the basis of this year's incomes. The minister cannot say how many will be exempt when these laws become effective, say, in 1972 because with the rate of inflation we have the exemption may apply to several hundred thousand fewer Canadians. I suggest that the minister's statement is almost misleading because it is made on the basis of 1969 incomes and is not made on the basis of what incomes might be in 1972.

An hon. Member: 1968.

Mr. Stanfield: 1968 or 1969; it is certainly not on the basis of what might be anticipated in the future.

As an anti-poverty measure, of course, the exemptions are of very limited value. By the time the legislation comes into operation they will be considerably less. Many thousands of Canadians who, on the basis of incomes this year, would be exempt will not be exempt in 1972 as a result of the inflation which is going on today and which by all signs will continue at some rate at least.

The proposal to grant some relief to working parents who must pay for child care is very welcome. Again this does not help the working parents who most need it. I am sure the minister will agree with this. I have in mind those parents who do not pay any income tax at all. I suggest it would be far more equitable for the government to provide what relief it does not in the form of an exemption to the parent, which is the method mentioned. I believe it should be provided entirely in the form of a tax credit which would be of as much value to the relatively low income parents as to the high income parent. This is something to which the committee should give its attention.

What I call attention to is the fact that the proposals in the white paper do not provide sufficiently for parents with dependant children. The answer of the government to this criticism has been that the forthcoming white paper on social welfare will cover this