

our costs competitive in world markets and against imports.

Of course I now come to my perennial regret, that the minister has not announced that he is going to take the federal Government out of the estate tax field, a field which produces practically no revenue, minimal revenue, to the federal Government. Every article that one reads says that the existence of that tax is one of the principal reasons for the disappearance of small businesses. That is bad enough, but for small businesses to be taken over by foreign holders for the sake of \$30 million a year to the federal treasury, that is worse. What did we spend the other afternoon?

Hon. Mr. Hayden: We spent \$500 million, which you thought was a crumb.

Hon. Mr. McCutcheon: I thought it was a crumb in that particular area, but we spent \$500 million. So I am saying, what is \$30 million to avoid the winding up of small businesses, their sale and disappearance to foreigners. I understand the Government policy is that they do not want these businesses sold to foreigners.

Honourable senators, I have rambled but I have rambled deliberately, because I think we should have an opportunity in this place to discuss the principles behind a bill of this nature rather than simply to discuss its technical aspects.

Hon. Gunnar S. Thorvaldson: Honourable senators, some years ago it was my great pleasure, when sitting on the other side, to have the privilege each year for some years of introducing and explaining the Income Tax Act. Recently, however, that has become the honour of my good friend honourable Senator Hayden, who has done it every year in very distinguished fashion. In fact, I do not know of anyone in this house, if I may say so, who has a greater and keener knowledge of income tax law and taxation problems in general than has Senator Hayden. It is always a pleasure to listen to him explain the annual Income Tax bill.

I wish to say one thing, however, which may not be accurate and he may deny it. I believe that on no occasion in the last three or four years has the honourable senator had less pleasure in introducing and explaining the annual Income Tax bill than he has had tonight. There are good reasons for that.

Most of the reasons have been suggested and indicated by my friend Senator McCutcheon. I hope to discuss and emphasize some of the things Senator McCutcheon spoke of.

The content of Bill C-216, to amend the Income Tax Act, is nothing but bad news for the Canadian taxpayer. It is a drab, dreary and unimaginative document. With one or two exceptions, every item in it increases the tax burden on Canadians or takes away from them benefits which they previously enjoyed.

The only benefit to taxpayers is a slight broadening of the base in regard to gifts to charitable institutions, but at the same time there is a more stringent requirement regarding registration of such organizations with the Department of National Revenue. That, of course, is quite proper and I do not object to it.

The only other benefit in the bill to the Canadian taxpayer is the improvement of the tax position of mining companies relating especially to the potash mines, whose operations previously did not give them the three-year tax exemption enjoyed by other mineral operations. As we all know, the present Premier of Saskatchewan has been pleading and begging for this amendment for three or four years. It should have been enacted quite some time ago but only this year is this reform consummated. It is, as I said a moment ago, three years overdue.

Now the worst thing about the whole budget speech, apart from the income tax, is that there is no effort on the part of the Government to cut expenditures in any sphere. On the other hand, there is a consistent and constant escalation of cost of government in every conceivable direction. As to how long that sort of thing can go on, no one can indulge in anything but conjecture. At least it seems to be a good bet that the present Government will just spend, spend, spend.

Hon. Mr. McCutcheon: And tax, tax, tax.

Hon. Mr. Thorvaldson: That is right, tax, tax, tax—without any relief being in sight at any time for the Canadian taxpayer. Certainly the worst feature of the bill is that the modest tax cut on personal incomes introduced last year has been virtually withdrawn. It amounts now to an almost complete cutting of the tax cut. In fact the tax cut which occurred a year ago might just as well have been withdrawn entirely because so little remains for the benefit of the taxpayer.