

*Income Tax Act*

As for those executives who do not want to have Canadians on their boards, well, they will have to pay a higher rate on dividends payable by a non-resident person, as the rate will be increased from 15 to 20 per cent.

Mr. Chairman, I am of the opinion that this bill is extremely important and represents a turning point in the history of Canada as far as taxation is concerned.

It was necessary to act quickly, and I congratulate the government for taking a bold stand in order to encourage industrialists who have invested in Canada to let Canadians have a say on their boards, so that they can have the share which must be theirs in foreign trade.

Mr. Chairman, we all know that the main economic problem now facing Canada is our unfavourable trade balance with the United States. I feel we must tackle the problem energetically, as we are doing at present.

We agree that our aim will not be easily achieved, but we feel that those industrialists will understand the situation if we clearly explain our intentions to them. As a result, in a more or less distant future, 25 per cent of the shareholders and directors of the companies which develop our natural resources will be Canadians.

I submit that this bill will be most useful in that connection and that we will have to adopt similar legislation to increase our trade with the United States so as to remove, as it were, our present trade deficit.

We will then no longer have to stand the unending pressures of American industrialists on our Canadian economy.

Mr. Chairman, the second point I wish to discuss is the review of our whole taxation structures. I gather that the royal commission on taxation is still proceeding with its work, but we all earnestly hope that it will soon submit its report to the house, so that we may be able to overhaul our taxation system. Actually, it is so complicated that it is unfair to salaried workers or owners of small businesses who have no experts at their disposal to take advantage of all the benefits which they could claim under certain provisions of the statute.

I feel that the Minister of Finance is making a concrete gesture in introducing Bill No. C-95.

In fact, he is endeavouring to eliminate certain loopholes that manufacturers or financiers could find in the legislation.

Let us consider, for example, the question of lease-purchase option agreements, where, of course the treasury could be deprived of huge amounts. Surely, we did not have to wait for royal commissions' reports or exten-

sive studies to eliminate such loopholes. In fact, I think that it was up to the minister to act promptly, and he has done so by introducing Bill No. C-95.

Mr. Chairman, I think that the aims of the provisions contained in Bill No. C-95 are excellent. Let us take, for example, the concealment of dividends which is commonly known as "dividend stripping".

Those people have tried everything and even though it may be at times distasteful to give too much discretion to the Minister of Finance and to the Minister of National Revenue (Mr. Garland), I think that we should consider first and above all the nation's interest and endeavour to prevent people from cheating the Department of National Revenue, so that all classes of society will pay the government what the government is entitled to. We have to do it, even though certain methods might be distasteful at times; but if they prove inefficient, the government has to step in once more and to introduce new legislation, so as to do justice to every taxpayer.

Personally, I represent a riding where the unemployment situation is extremely serious, and it is with infinite pleasure that I welcomed the announcement of the Minister of Labour (Mr. MacEachen) and the Minister of Industry (Mr. Drury) with regard to designated areas, in which the county of St. Maurice-Lafleche has been included.

A point of great account, which it is extremely important to recall in the house, is that out of 66 designated areas recognized by the Department of Labour, 30 are located in the province of Quebec, which means that Quebec is the province which suffers most from unemployment in this country. It also proves that the Liberal government realized that the economic problem in the province of Quebec had to be solved. We have here some positive action, which the members from the province of Quebec should bring to the attention of the house.

It could, perhaps, be said that the legislation is discriminatory. The point has already been raised, and much fuss has been made of the case of Brantford. But none the less, it is an extremely important legislation and a most practical one, which tends to solve the unemployment problem and also the problem of Quebec's economy, where all industrial strength is practically centralized in the Montreal area, the other parts of the province having to bear the consequences of such a situation.

Thanks to this new legislation, several areas in the province of Quebec may, from now on, offer some advantage to industry, whereas they were unable to do so in the past.