

*Income Tax Act*

tive and the will to work. I will make a proposition here and now that will save the government \$14 million, and I will not take four years before bringing back an answer. If the government gives me a cheque for \$1 million, it can save the other \$14 million and get its answer. I think I could give the government a definite answer to this question right now. As a matter of fact, I might even do it for nothing and save the government \$15 million. I have had an increase in salary and am persuaded to do it for nothing.

**An hon. Member:** Watch it, Mac.

**Mr. McCutcheon:** May I refer to the *Gazette* again:

—\$15 million finding out whether a guaranteed annual income would cause the recipients to lose their "work drive".

• (3:00 p.m.)

Those are the words. There is another facet which concerns me. Governments have had more and more free labour provided by industry and individuals in this country than you can shake a stick at. The ordinary businessman is threatened by law if he does not fill in DBS reports—I should have said Statistics Canada because the name has been changed—unemployment insurance reports, manpower reports, Canada pension plan reports and income tax reports. Large companies have whole departments completing government forms, and small concerns must have specialists and auditors to complete compulsory governmental statistical reports. Why? So that the government can continue to play their paternalistic role. What is happening? Commerce is being hampered, business is being hamstrung. The poor individual Canadian has to pay for it through the increased cost of goods and services brought about by buckshee labour demanded by government departments. Search as I can, there is no indication in this legislation that there will be a diminution in this respect—not a bit.

In view of the technicalities uncovered in this document the Department of Labour should not have anybody with accounting expertise seeking employment. These people should never have to receive unemployment insurance because they will be the most demanded profession in the country. When the transport bill went through this chamber the minister responsible demonstrated a more flagrant approach: he got himself a job. But the Minister of Finance (Mr. Benson) is looking after his bookkeepers. There is no question about that, because they will be in demand. There is nothing wrong with bookkeepers, but why should every Canadian have to hire them? I do not know where it is going to end, but I submit we are close to the saturation point, the point of no return.

Welfare costs are escalating. Some say that welfare payments are high enough to destory initiative. I want to point out something to the minister. Last week the welfare officer in a municipality in my area was having a little difficulty with some of the municipal officials. He said he was going to quit his job, that it was not worth while, and he was going to apply for welfare. This is the welfare officer. He is going to quit his job. He is no longer going to work as the welfare officer but will apply for welfare himself.

How does one react to being a second-class citizen in his own country? I shall relate an experience I had a week

[Mr. McCutcheon.]

ago Friday. I drove into a place on Highway No. 7 which had cedar posts for sale. My son needs some cedar posts for his farm. I asked the man if he sold cedar posts. He replied yes and asked where I lived. When I told him I lived in Chatham, Ontario, he said he was sorry but he would not sell me any posts. When I said, "Come again?" he said it was not worth his while. When I asked what he meant, he replied, "If you think for one minute that I am going to keep a double set of books, a duplicate set of records and a trust account so that I can pay the federal government a building tax of 12 per cent on those posts because I am selling them to you, you are crazy; and I have to repeat that again by keeping the same thing in duplicate in paying the province of Ontario 5 per cent sales tax. Why in hell should I do that when I can sell all my posts in the state of New York and I do not have to do any of this damn government bookkeeping?" Because I am a Canadian I could not buy the posts. How do you like that? We are spending \$15 million to find out if anything is going to reduce our work effort.

Throughout my remarks I have tried to be charitable, but I must come to the conclusion that the benefits of tax reform will be wiped out unless public spending is confined to the natural growth of tax revenues. There is no evidence that the total tax burden carried by the individual has been considered in the development of this plan. Nor has any attention been paid to the necessity of developing a co-ordinated federal-provincial-municipal tax structure. Rather, an examination of this legislation can only lead to the conclusion that it is concerned solely with taxes levied by the federal government to raise money to meet the needs of the spending programs of the government, with no regard for the position in the total tax picture of the provinces and municipalities.

As I mentioned earlier, we had some pretty severe estate and gift taxes applied in 1968. In 1972 they are to be completely abandoned. This may be desirable, but it places some Canadians in a pretty invidious position, depending where they live. I expect to hear the classic answer—"Let the provinces look after themselves".

That is the crux of my remarks, Mr. Speaker. We are looking at this situation as a monolithic structure—federal government versus provincial government versus municipal government. This is wrong. After all, what are they? Governments are not impersonal structures; governments are people, and it is about time we started to think about the people. This measure is not reform; it is balkanization of this country. I suppose it could be called an extension of the chicken-and-egg war.

If we are to have reform, Mr. Speaker, all types of taxes must be considered, particularly the major ones such as property, sales and income taxes. A mechanism to provide offsetting credit relief from property, sales and excise taxes, etc., would be a good system to adopt. This method could be used when assessing income tax liability. Tax credits could also be an effective vehicle to give tax relief to the 2½ million Canadians who are too poor to pay income tax. They will not be removed from the income tax rolls; they have never been on them. This area has been completely overlooked. Because a citizen does not pay income tax it does not necessarily follow that he does not need relief from taxes.