

*Income Tax Act*

A farm is a farm. When you are tilling the soil or growing trees in an orchard it is farming, and there is no other interpretation for it. I still do not know what is going to happen when this or similar legislation comes down. I only hope that there is some measure of reality in the interpretation and that what we are talking about here is going to happen. I hope that some bureaucrat, somebody on the staff of national revenue, does not upset the meaning of what we are really talking about.

I come now to the main thrust of Bill C-56, which of course in the sales tax clause. We find that we now have a double standard in Canada as a result of this situation. It is really a clouding of issues. What we have is a confrontation between the provinces and the government, a divide and conquer situation which this government seems to enjoy. If this government wishes to do something concrete without getting involved in somebody else's business, they should be looking at this old, outmoded outdated federal sales tax. This is their field. It is the most outdated and outmoded tax that we have and ever will have. It is not fair. It hits the poor harder than any other sector, and it hits the business people, causing confusion and paperwork. In fact, in some instances it has been one of the highest costs of doing business that they have.

When I first came to this House I started to talk about this 12 per cent tax, and one of my arguments was with regard to the situation that if you manufactured \$3,000 worth of business, you did not have to pay the federal sales tax. Well, \$3,000 worth of business might have been all right 50 years ago or even 30 years ago when they dreamt this innocuous tax up, but it is not good today. It is absolutely no good, and it was no good to the former minister of finance twice removed. He did not think that it was an area to change, but we finally convinced him to change the figure from \$3,000 to \$10,000. At the time I spoke in this House I pleaded with him to make it more realistic, even as high as \$15,000. We now know that this government is beginning to see the light, and it is mainly because of the opposition pointing out what should be done. They are now going to \$50,000, a more realistic figure. But we still have a 12 per cent sales tax. This is where they should have been cutting—not getting into the provincial jurisdiction, not dividing Canada, not giving a different deal to Quebec.

● (2142)

We hear hon. members opposite trying to justify this tax. By giving this \$85 rebate to taxpayers in Quebec they are not doing anything for the poor or the people who pay the sales tax in Quebec. The government was trying to buy time for an election. Thank goodness the province of Quebec extended that period to two years. I think they were going to drop it anyway. They did not buy this concept just because they thought they were going to get six months' help from the federal government—and that would be another plum for them. But they did not drop it for six months, they have dropped it for two years, and I would not be surprised if it is dropped for longer than that and perhaps by even more than the 2 or 3 per cent. These are not the kind of taxes that are good for growth in Canada. The 12 per cent federal sales tax has caused more trouble and

[Mr. Whittaker.]

has done more to inhibit growth than any tax system in the country. They do not have it in the United States or in any other country.

A manufacturer of pipes told me that his biggest cost was the 12 per cent sales tax. He showed me letters asking him to set up his pipe manufacturing company in the United States. If he did that he could export his pipes to Canada and make more money, as he would not have to pay the 12 per cent federal sales tax. This is the area the government should be working on.

We hear hon. members opposite talk about employment. They claim that because the opposition talk about unemployment they cause more unemployment. They should look at natural growth, which is going to create employment. Members of the opposition talking about unemployment is not what creates the biggest unemployment record we have had in Canada. That was done by the Prime Minister years ago when he told the people of Canada: "Do your own thing; you don't have to work if you don't want to. You can go on welfare or unemployment insurance." That is where the basic problem is.

Instead of coming to this House and doing something about our tax system that would give the people in the private sector an opportunity to work and create jobs, this is the sort of thing we have had. What we need is for this government to get out of provincial fields and do something that will create employment for this country.

**Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain):** Mr. Speaker, I listened very carefully to the hon. member for Okanagan Boundary (Mr. Whittaker). In this own way he described the illness of this democratic system to a "T".

The basic problem faced by any party that becomes the government in this country is the question of how to bring some common sense into the decisions taken by cabinet ministers and their staff. He gave the example of a simple act passed in good faith by all parties last December which was abrogated by a legal decision emanating, I suppose, not only from the Department of National Revenue but the Department of Justice and which made a farce of what we are doing here.

Now the government has brought forward this new section to correct it. I think the hon. member deserves congratulations for bringing this practical, earthy story to the House as a reminder that what Canada expects is a little bit of common sense on the part of the elected representatives who sit in cabinet and who should take control of this nonsense.

I had many experiences when I was a minister. Horrible recommendations would come forward and when you questioned them you would find it was the legal interpretation of the law officers of the Crown of what parliament intended years ago with a particular statute. A minister with common sense would say "phooey" to such recommendations. That is what ministers are for—to put in an interpretation that makes sense.

Many years have passed since I held a portfolio but some civil servants still remind me of incidents that happened where