

*Income Tax Act*

There is no need to say that today we have an economy which is dreadfully sick, with high unemployment, inflation and one of the highest rates of bankruptcy we have experienced. To realize this one has only to be reminded of the postponement of the plans of Syncrude, in northern Alberta—a \$300 million venture which was postponed deliberately as a result of the tax proposals enunciated in the white paper.

I do not believe we will ever know, in terms of dollars and cents, exactly what the whole exercise has cost the Canadian taxpayer. But suffice it to say that it has been plenty. We will never be able to assess, in terms of dollars and cents, the misery and hardship created as the result of lay-offs, lack of confidence in the economy and lack of suitable employment. We have suffered from lack of an expanding labour market which has been brought about in large measure by the effects of the white paper that was published in 1969.

We might ask ourselves why this uncertainty has existed. I believe the answer could be summarized by referring to page 5 of the white paper in which it was said that the government's proposals were the result of careful study of tax principles, practices and impact, and that the government believed they were the best practical proposals "to attain our objectives in present circumstances." Mr. Chairman, I submit that that was a pretty firm declaration. It was a firm commitment that the white paper proposals, so far as the government was concerned, were an almost perfect approach to change not only the tax structure but also the social and philosophical attitudes of Canadians.

Businesses large and small, and corporations foreign and domestic became very apprehensive about the future. To date many patchwork measures have been undertaken in an attempt to stimulate the economy. Recently we have experienced a situation arising from actions taken by the United States. It is obvious to me that much of the uncertainty and stagnation of our economy was caused by the white paper proposals put forth in November, 1969. I have already said that probably we will never know the exact amount of the losses incurred as a result of this exercise, but we do know that the economy has suffered considerably. It has suffered as a result of the ostensible determination to inject equity into the tax system.

We know that the direct cost of the exercise was something in the order of \$10 million. This was outlined in an article in the *Ottawa Journal* on July 10. We know that the exercise, right here in the House of Commons, was very costly—something in the order of \$1 million. The cost of the hearings conducted by the Standing Committee on Finance, Trade and Economic Affairs was \$601,321. The amount it spent for research staff and studies was \$200,818, and the cost of calling witnesses was \$8,766. The Senate committee had similar costs. The business community also had high expenses in hiring professional help in order to present its case adequately before the committee.

• (9:50 p.m.)

Not only do we have an expensive tax structure but we have a complicated tax structure; a myriad of changes which can serve only to confuse the average taxpayer. This may force the average taxpayer to engage the services of accountants and other professional people, which

[Mr. Mazankowski.]

in normal circumstances might not be necessary. I believe this has been adequately enunciated by those who attended the convention of the Canadian Bar Association. It was readily supported by professional accountants and others. We have a situation in respect of the new measures incorporated in Bill C-259 which will make Canada a nation of bookkeepers.

I should like to deal briefly with the effect of this legislation on small business and the impact it will have on the agricultural community, including co-operatives. In respect of co-operatives it will have a very devastating effect on those organizations which provide services to the agricultural community. I think of the small, seed cleaning plants, for example, which provide a service to farmers at cost and which will find themselves in a very difficult situation in attempting to carry on under the new proposals. Members of the Vermilion Seed Cleaning Association met with me and pointed out that under their present policy they are not making money but are merely providing a service to the farm community. They were unable to accumulate any money under the old system and stated that under the new system they will have to increase the tariff to farmers in order to remain solvent. I believe the same thing applies to other small co-operative organizations such as the livestock co-operative and many other small groups which provide services not provided by private enterprise.

One does not have to be much of a tax expert—I certainly am not—to realize that this bill will have a serious effect on agriculture and small business. While the capital gains tax implications are obvious, little has been said about the much greater tax disadvantage the farming community will suffer because of the new measures. This leads one to realize that even the Minister of Finance and the tax experts who work in conjunction with the authors of the task force report on agriculture want to do away with two-thirds of the farmers of our country.

**Mr. Mahoney:** You must do better than that if you want to continue for another four minutes.

**Mr. Mazankowski:** I will be here as long as you will. The situation, simply, is that the type of legislation brought forth by this government has been deliberately aimed at destroying the family farm and the welfare and occupation of farmers.

**Mr. Mahoney:** You don't believe that.

**Mr. Mazankowski:** There is no doubt about it. The notorious Bill C-176, Operation Lift which more properly should be named operation "Flop," the stabilization bill and then what has commonly been referred to as the adjustment program which has been brought forth in the form of a so-called white paper are aimed at speeding up the rationalization process in the farming community. From reading the statistics provided by DBS we know the effects of the cost-price squeeze and the strangulation which has taken place since this government assumed office. We know the government is well on its way to succeeding in what I refer to as a measure of occupational genocide.

We know that in 1966 the total net realized farm income in the three western provinces was in the order of \$1 billion. This decreased in 1970 to a net realized income of roughly \$500 million, a reduction of 50 per cent. Yet we