

*Income Tax Act*

Speculators have been spoken of here as though they were public enemies. I do not subscribe to such a philosophy.

About a month ago the government announced its intention to reduce taxation. It was said that this would stimulate employment. Well, if a stimulation of employment comes about through a reduction in taxation, as was stated in this House by the Minister of Finance, then surely it is consistent for us to point out the weaknesses in the proposal to now impose a new tax, because this is a new tax. It is something which we have never had before in this country. I refer to a tax on capital gains.

In a previous speech I referred to the fact that I believed the existing statute under which we impose income tax might very well have been retained, if not in its entirety at least to an extent, by this government for whom I have only a minimum respect. The present income tax statute has some good, fundamental points. So, it would seem to me to be a good idea to retain the good points. Instead of this, however, the government gives us this three-inch document of 700 or 800 pages which no one understands very well and which I submit will cause a great deal of confusion in the minds of even the chartered accountants who will be involved with it.

• (5:20 p.m.)

I made those few remarks a month or so ago in connection with that point, and I repeat them now because nothing has happened since that time to make me change my mind. In fact, I believe that an examination of the present economic situation in this country leads me to be more convinced than ever that it would have been beneficial to retain the existing income tax statute as a base, adding to it or taking away from it whenever it is considered to be in the general public interest.

In considering the basis for taxing capital gain, surely we might properly go back over a 100 year period to see what the situation has been in that time. Under the existing statutes we have become an industrial nation, we have become an exporting nation and we have become a competitive nation. Living as we do alongside a great nation and a great people we should, and we have, at least until the coming into office of the Trudeau government, found ourselves facing tough competition from those same friends to the south who have the benefit of mass production, and a home market of immense proportions where they can dispose of a large percentage of their total production. In case of need, they can dispose of their surplus in our limited market. I do not favour tariff laws which make it possible for them to do this. So let us examine the record and see what has taken place in the last 100 years under the existing tax laws.

Let us consider in particular the last 25 years so that we may have the benefit of our experience in determining our course for the future. That seems to me to be very sensible. We should use the experience of the past in determining our course for the future. I am sure that no one within sound of my voice will argue that that is not a very desirable position to take. When I mention 25 years in general terms, I go back to the Second World War. In that war Canadians played an important and impressive part, and our fighting men and women came out of it with their heads held high. The honour and the sacrifice of those

brave men and women who made up the personnel of those armed forces had not then and has never been excelled. Last week we observed Remembrance Day. All over the land we united, something which we seldom do. What united us? We united in remembrance, recognition and appreciation of what had been done in the past. We appreciated the sacrifice which they had made, those who did not return, and we expressed thankfulness to those who marched that day, for their bravery and devotion to duty in placing their services at the disposal of their country. We came out of the conflict with our reputation established, and we set to work to utilize the skills of our people in transforming and making peacetime operations out of wartime machinery. That is what we did after the Second World War.

The government of that day was very conscious of the need to utilize the skills of those who had produced the goods required for war purposes and to utilize the services of the men and women as they returned from the various theatres of war. The need for productive employment became evident. The key figure who had been in charge of war production was Mr. C. D. Howe, a man of tremendous ability and drive. I do not think that enough attention is paid to the drive and determination of an individual to do something. To me this is more important than ability and more important than education. Mr. Howe carried on under Prime Minister King and he was a key figure in the government of Mr. St. Laurent. I had the honour of knowing him personally, since he spent a portion of his free time in St. Andrew's, New Brunswick. No one could be exposed to his personality without developing an admiration for him.

The reason I mention all these things is that they were accomplished during the last 25 years under the present Income Tax Act, and yet this government suggests that they must destroy it and replace it with this three inch thick document which no one understands. That is what they propose to do. I am very much against the destruction of the statute under which we have operated during a period in which this country made great headway. That is what I object to here and now.

The capital gains tax would discourage the young man who wants to improve his financial position. He is ambitious for himself, for his wife and for his family. He is willing to work long hours beyond the call of duty when his competitors have gone home. He applies good management principles to his operation. He buys a piece of property which he feels is good value and which will enhance his capital position. The government wants to tax him because he was wise enough and thrifty enough to purchase a piece of property when it was offered to him. The government, by taking a large chunk of whatever he happens to make by way of profit, will discourage him from buying property.

I know that if the parliamentary secretary were to offer an excuse, he would say that the government must impose taxes because they need the revenue. I know that I am putting words in the parliamentary secretary's mouth, but I imagine that this is what he would say because he is quite a good debater. I want to call the attention of the committee to the Auditor General's report for the year ending 1970. On page 17 of that report, hon. members will find a review of the revenue of the last three years, all