

*Taxation Reform*

**Mr. John Burton (Regina East):** Mr. Speaker, I think it is very useful to have a debate on the important subject of the white paper on taxation prior to its referral to the Standing Committee on Finance, Trade and Economic Affairs. I think one of the first points that should be discussed is the framework in which this white paper is being considered and presented to the House of Commons. It is obvious that the government attaches a great deal of importance to the white paper and its taxation proposals, within the context of the over-all program that it will be presenting whenever the government next chooses to go to the Canadian people. In that regard, I think the comments of the hon. member for York South (Mr. Lewis) earlier in this debate were very relevant, because he noted the possible timetable that may be involved in the white paper. He noted that the white paper was not presented until early November of this year, despite promises given for well over one year by the Minister of Finance (Mr. Benson) that its production in the House was imminent. Finally, the Minister of Finance presented the white paper on November 7, and subsequently the motion was introduced to refer it to the standing committee.

After the white paper is referred to the committee, it will of course take the committee some time to consider all the ramifications and implications of that white paper. This will take us well into 1970. I am not sure when the government will consider introducing legislation pertaining to taxation changes. Possibly it will do so in the fall of 1970 or in the early months of 1971. In any case, it seems clear that whatever changes the government may make, they will not take effect until the taxation year 1971. The effect of any apparent benefits to some people in Canada will be shown when our people file their taxation returns for the year 1971, in the early months of 1972.

● (12:30 p.m.)

Just coincidentally this happens to be about four years after the last federal election of June 25, 1968. It would be very convenient timing for the federal government to use this as one of its major weapons in the next election. They may hope to gain some benefit from following this tactic. I am not at all sure it will be as great a benefit to the government politically as they hope for at the present time. In that regard, I think the debate that concluded yesterday, if I might make brief reference to it, was very relevant.

In the debate concluded yesterday, the government finally obtained the approval of this House for the extension of the 3 per cent surtax on income tax into the calendar year 1970. This means that the government can present a more favourable picture than would otherwise be the case of the effect of tax changes from the present system to the new system when it comes into effect in 1971. I suggest that is one of the major reasons the government chose to retain the 3 per cent surtax on income.

I suggest that the government gave a good deal of thought to its timing and strategy in this regard. One small piece of evidence came in the form of some answers to questions which I posed when the estimates of the Department of Finance were before the Standing Committee on Finance, Trade and Economic Affairs last May. At that time, I asked the Deputy Minister of Finance with respect to the forthcoming production of the white paper whether any background papers and studies had been completed by the department for the consideration of the government when deciding on its policies. At that time Mr. Bryce informed me the government had completed all of its studies and the department had prepared all the information necessary for the government to make a decision on its proposed taxation policy.

It appears that not only did it take a long time for the government to consider the matter, an unduly long time I suggest, but some of the decisions in fact were taken some time ago. The white paper could have been produced at an earlier date if the government had chosen to place it before the House. I think the framework of discussion on the white paper must take into account the fact that it arose in large part out of the mammoth study completed several years ago and which is commonly known as the Carter Commission Report on Taxation. The Carter Commission report has been the subject of a great deal of discussion, both favourable and unfavourable. A number of organized pressure groups in Canada objected very strenuously to the recommendations of the Carter Commission.

It must be noted that basically, the Carter Commission report consists of a set of recommendations for a taxation system within the framework of a capitalistic economic system. I think that is quite fundamental and important. There is no doubt that the Carter Commission did make many recommendations for improvements in our taxation system and for