

Income Tax

In Canada the economic distemper of the sixties and seventies has created the instability of the eighties. Our problem is a lack of productivity. We have in the past traded the pride of doing for the enjoyment of loafing. We have bound ourselves with a system of laws so complex and pervasive that initiative, entrepreneurship and collective productivity is stifled.

A very good friend of mine who is the president of a very large Canadian corporation recently told me that we as a society support a system of complex laws in every area of endeavour and particularly in the financial, business and property exchange areas of taxation. Why, he said, there are approximately 40,000 lawyers in Canada and only approximately 15,000 research scientists. I looked up the actual figures. There are 40,043 lawyers in Canada and 15,270 research scientists. In the United States there are 320,000 lawyers and 828,000 research scientists. Lawyers produce no goods and little real wealth but lots of paper. They often retard the production of wealth and establish massive, complex and intricate systems for wealth redistribution. He said we need three times as many research scientists and only half as many lawyers.

• (1130)

This Income Tax Act, Mr. Speaker, Bill C-139 now before this House, is an example of the complexity of the legal system under which we have to perform. This Bill is an abomination. Its 295 pages of incomprehensible gobbledygook are designed to throttle and subdue industrial and personal initiative. What greater example is there of an overly complex law than Bill C-139, the Income Tax Act, literally 295 pages of legal shackling? The Government would be very wise to lay before the Law Reform Commission of Canada a new mandate to simplify the network of laws governing the entire business sector of this country.

The capital gains tax structure must surely be dismantled immediately before it further legally imprisons all who dare to do business or own property in this land. The capital gains taxation scheme will lay upon this nation a system requiring bookkeeping and interpretation of enormous complexity and will stifle business at every opportunity.

Canada and the free world have so concentrated on the public process of wealth redistribution in the last several decades that we have lost sight of the process of wealth production. Even though scientific discoveries have given us enormous capability to produce wealth, the process of public redistribution of this wealth has indeed laid upon the production systems of the free world some terrible "disincentives". My very first speech in this House in 1979, Mr. Speaker, was concerned with the abnormal growth of governments in the free world, including Canada. Taxation to take away the productivity of the people and recycle it through the public process of distribution has gotten out of hand. Governments at all levels grew like mushrooms regardless of their political persuasions.

Canada is a prime example of this growth on all three levels. I do not mind admitting that I was a Member of the Progressive Conservative Government in a Province in which the budget increased by nine times in less than a decade. Indeed,

the Saturday edition of *The Globe and Mail* of February 19 has a chart showing the growth of governments in Canada as a percentage of the GNP. Since 1964, a mere 18 years ago, provincial and municipal governments have grown from about 16 per cent of the GNP to approximately 28.5 per cent of the GNP. So it is not only the federal Government which has grown like a mushroom. The federal Government has jumped from about 13 per cent of the GNP to 21 per cent in 18 years.

In 1983 the growth of Government is explosive and scary. Indeed, during the current fiscal year, the total expenditures of all three levels of Government are expected to reach almost 50 per cent of the GNP. Part of it, of course, is in connection with Bill C-139. In other words, Mr. Speaker, in Canada this current year the Government will take for redistribution \$1 of every \$2 earned in the private sector. I believe this will give rise to an unstable situation and a continuing and deepening recession coupled with increasing inflation.

It is unfortunate, Mr. Speaker, that I have so little time left because I wanted to get into the increasing debt in the provincial and municipal areas as well as in the federal Government, and the awesome load which this increase in debt would lay upon the entrepreneurs in the business sector of Canada in the short term as well as in the long term. Obviously, I do not have time so I thank you for the ten minutes you have given me.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, the legislation now being debated by the House of Commons is a mammoth 297-page document designed to implement the far-reaching tax changes brought forward by the federal Government in its infamous budget of November, 1981. From the time that budget was announced in the House by the now Secretary of State for External Affairs (Mr. MacEachen), there have been so many revisions that one would need to be a computer to keep track of them all, let alone fully understand the implications of the changes involved. But what is clear is this: the November, 1981 budget sought to revamp the entire tax system without a thorough study of what specific reforms were needed, without an understanding of the impact of such fundamental tax changes on the average citizen, and without prior consultation with those affected.

In a nutshell, sir, the then Minister of Finance sought to close so-called tax loopholes in order to make the tax system more equitable and to raise much needed revenue for the federal Treasury. In the process, however, the Minister's tax changes ended up hurting most severely the very Canadians he had naively intended to assist, namely, the low- and middle-income earners. Clearly, the Minister of Finance of the day did not know what he was doing. As a result, both he and his successor had to devote most of their energies in the following months to trying to undo the damage caused by the budget.

To this very day, Mr. Speaker, the Government continues to patch and fill its tax program to the point where even experts are in the dark as to where matters now stand. Indeed, when asked to provide a list of tax changes since November, 1981,