Mr. Blenkarn: What danger is there in giving Canadians some money? This party talks about the amount of money that goes to foreigners. For the sake of the hon. member for York South—and I am sorry he is not here—I could say that in 1972 well over a billion and a half dollars in Canadian money went across to some other country in the form of dividends, remittances or allowances to pay for the foreign investment we have in this country. By 1982 it will be at least $2.6 billion per annum, and something radical must be done because this country must be owned by Canadians. This is our country, and we are not going to build a better country with negativism, backward talk, and socialism.

Some hon. Members: Hear, hear!

Mr. Blenkarn: There is nothing wrong with people becoming rich, and I hope many Canadians become rich. I hope they make a profit. That is the kind of thing we on this side of the House are talking about. We are talking about opportunities for young people and older people. We are talking about equality and about the improvement of Canada.

Dealing with tax problems, I said during the election campaign that it was a miracle that Canadians would even bother investing in Canada at all. We have probably one of the highest graduated tax rates on personal income in almost any country in the world. Our tax rates rise to 45 per cent when someone makes $15,000 of taxable income. This tax level does not just affect those fortunate few who are managers of corporations and the like, but it affects auto workers, teachers, and construction machine operators. These people are not highly paid people in the inflationary economy which we now have; they are ordinary Canadians who want to have opportunities in Canada. These Canadians are taxed at such a high rate that they are prevented from saving. They are taxed on their savings and they are taxed higher possibly than people in any other country in the world except Sweden. We have to supply Canadians with the incentive to invest, to acquire, to save and to build, and we will not do that for Canadians with this enormously high tax rate.

Speaking further on the question of personal tax matters, there are provisions in the Income Tax Act with regard to registered retirement savings plans. Unfortunately, those plans are bound up in red tape. They really prevent the investment of funds in pension plans and venture activities. I am sorry the Minister of National Revenue (Mr. Stanbury) is not here, but I suggest to him that we need to liberalize the investment requirements in registered retirement savings plans so that Canadians will be able to acquire to some extent risk equity in planning for their future. These are changes that need to be made.

I want to speak next with respect to the policy of taxing dividends. It became apparent at one time that if a company earned a profit, it paid a corporate tax. Then, when the dividend is passed on to the shareholder, that dividend bears a tax again. In the amendments to the Income Tax Act, the advantages of the dividend tax credit to many Canadian investors was seriously limited. I do not know whether the minister has looked into this, but I have had an economist do this and I understand that the cost of removing any tax on dividends to Canadians from Canadian corporations would cost the national revenue less than half the cost of last year's LIP. That would be of great advantage to Canadians investing in stock in Canadian companies. The dividends you receive would not bear any further income tax. That would be an incentive and a positive program.

We have a series of problems in connection with remittances that go from one foreign-controlled corporation to another. Somewhere along the line it is necessary for a government to monitor what I would call inter-office charges. International companies have considerable latitude in evading fiscal and monetary policies. They can be obviated through the taxes on retained earnings, in one subsidiary of the parent company. They can be obviated by transfer prices for goods and services exchanged in inter-company transactions. If a country does not get its share of taxes from the profits of international pricing procedures, then it loses almost all of the benefits of direct foreign investment. Customs officials have difficulty in determining duty valuations for inter-company transfers, especially when unique products are concerned such as computer tapes of technological information. These are the kinds of things that I thought this minister would introduce as positive measures when he was talking about foreign controlled corporations and the way they do business in Canada.

Then, there is the matter of the withholding tax. It is amazing that our major trading partners are still able to invest money in Canada, take it home with them and pay only a 15 per cent withholding tax on their income. No effort has been made by this government to renegotiate the tax treaties in connection with the withholding tax. A Canadian pays up to 60 per cent tax on his income: a foreigner comes to Canada, invests in a mortgage or in a building, takes his profits home with him, and leaves Canada 15 per cent in tax. That is what Liberals called encouraging Canadians. That is the policy of this government, and they have done nothing about this matter. These are positive measures in connection with taxation. Of course, speaking of the withholding tax, while Canadians pay capital gains taxes, foreigners in this country are not required to pay such a tax to the government of Canada on the capital gains they make in Canada. The hon. member for Trinity (Mr. Hellyer) said that this government has done more to sell out Canada than any other government in the history of Canada. Certainly it has never introduced a positive measure in respect of foreign control to assist Canadians in owning their own country.

We must also index the cost on capital gains taxes because capital gains, to some extent and in many cases, are not really a gain but an inflationary increase in price. So what we have to do in the capital gains tax portion of our tax legislation is to provide that increases in the cost of living are added to the base costs as determined at valuation date in determining the capital gain made on a sale. At present this is not the case, and this should be done in all fairness to Canadians.

• (1550)

One of the problems with respect to capital gain is the deemed realization of the gain on death. This has been mentioned with respect to the family farm. I should like to say something about it with respect to the family business.