

CHAPTER 8

Impact on Revenues and the Economy

REVENUE ESTIMATES

Regrettably, consideration of the White Paper proposals was complicated by the extensive difference in the federal and Province of Ontario revenue estimates of additional revenue that the proposals would be likely to yield once the proposed system was fully in effect.

In this dispute, the Committee and taxpayers generally were hapless bystanders. Much of the overall opposition to the White Paper proposals was generated by this dispute, which created the misconception that the hidden objective of the proposals was a generally higher level of taxation rather than reform.

Nevertheless, from the Committee's point of view, the damage was done in that it diverted public attention from the concrete proposals and their effects. The Committee has not attempted to produce its own revenue estimates nor to resolve the federal-Ontario differences. To produce a third set of estimates at this date would have resolved little and would have delayed this report by several months. The results would still be only estimates and, as with the Ontario and federal projections, only as good as the assumptions upon which they were based.

The revenue effects of our recommendations will have to be considered by the Minister of Finance and if accepted, the rate structures adjusted accordingly.

Your Committee was pleased to receive on June 11, 1970 from the Minister of Finance assurance that additional revenues, if any, resulting from implementation of tax reform during the five-year transitional period would be eliminated through use of a fixed schedule of declining income tax rates.

ECONOMIC EFFECTS

As indicated at a number of places throughout this report and as will be obvious from the Committee's various recommendations, the Committee regards the continuation of a high level of economic growth as a main objective of Canada's tax system in the foreseeable future.