

*Taxation Reform*

Taken as a whole, the white paper moves in the direction of "disincentives" rather than incentives to Canadians. What comes through loud and clear is that the government is complacent, almost foolishly complacent, in its belief that nothing can stop Canada from achieving its potential economic growth.

Small businesses that are incorporated will be hard hit. People in the low and medium income bracket, who are already at a substantial disadvantage compared to their United States counterparts, are to be put at a greater disadvantage. The more successful a future Canadian enterprise is, the more likely it is that the control will be taken over by some outside corporation because Canadians will have to sell their shares in order to pay the tax the minister proposes to impose, thereby losing control.

A capital gains tax is to be imposed that is considerably more than that of the United States. There is in the white paper a strong "disincentive" to capital formation and reinvestment. There are some "disincentives" that will clearly affect certain regions. If Canada is to grow economically, the main impetus in the context of these proposals in the white paper will not come from Canadians, but from foreign countries. I suppose some people will say "So what else is new?", but I think most Canadians will regret it. They will regret that the government, given an opportunity to develop a tax system that would not only be more equitable, but would help provide a greater opportunity for Canadians to control our own economic growth, failed to do so.

The government can set up the Canada Development Corporation, but I say in all sincerity that 50 Canada Development Corporations would not undo some of the damage and some of the "disincentives" that are contained in this white paper.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** I have made some suggestions. We will be making other alternative proposals in committee. Our aim will be to relieve some of the inequities that are perpetuated or worsened by this white paper, to eliminate some of the glaring "disincentives" and try to build a tax system that will maximize opportunity for individual Canadians.

I move an amendment, seconded by the hon. member for Peace River (Mr. Baldwin), that the motion be amended by adding the following to it:

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—with instructions to develop alternatives to the proposed "disincentives" affecting middle income groups and small businesses in particular, and which increase the vulnerability of Canadian enterprise to foreign take-overs.

**Mr. Deputy Speaker:** I prefer to take the amendment under advisement in terms of putting it to the House until I have had an opportunity to consult with Mr. Speaker.

**Mr. David Lewis (York South):** Mr. Speaker, some of the criticisms which the hon. Leader of the Opposition (Mr. Stanfield) has made of the white paper we agree with, but many of the statements he made we do not agree with because of the basic difference of approach to what we are trying to do in and for our country.

The minister emphasized during his speech that this was the most thorough tax revision since the Income War Tax Act was introduced many years ago. I say to the minister that all the greater is the pity that instead of building a genuinely equitable and desirable tax system, he has in major part only tinkered with it and produced something that does not meet the needs of the 1970's and the ideas of equality which the Canadian people now accept.

The minister boasts about the fact that 750,000 people are off the tax rolls. He speaks of it in such a way as to suggest that all of us, particularly the 750,000 who are no longer to pay tax, are to genuflect before him for his immense generosity. I refuse to do that, Mr. Speaker. I think the 750,000 people should have stopped paying taxes years ago and the fact that, belatedly the minister finally made some adjustment that clears them off the tax rolls will not win him a seat in heaven. It may win him a slightly less uncomfortable seat in the other place, but it is nothing to cause us to genuflect before him.

**Mr. Benson:** You and the Leader of the Opposition will be there with me.

**Mr. Lewis:** The minister talks about losing \$1 billion in the same sentence that he talks about 750,000 people being taken off the tax roll. They were off the payroll before, Mr. Speaker. I do not suggest that he is implying by that that he is losing a billion dollars from these people, but it is important to note, Mr. Speaker, that these 750,000 people who unfairly and unjustly were forced to pay taxes before will account for approximately \$30 million of his thousand million dollar loss. This is what the situation is.